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THE LEADERSHIP ISSUE

What Would Winston Do?
China's Steve Jobs
Hillary Takes on the World



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Editor's Letter



IT'S EASY to bemoan the scarcity of great leadership in the world today. It's more difficult, but also more useful, to explore what kind of leadership is likely to be most effective in this time of rapid change and rampant uncertainty.

When we decided to tackle this challenge in a special issue on leadership, one of our first calls went to Sir Harold Evans, our esteemed editor-at-large. We asked the longtime lion of British journalism to conduct a kind of thought exercise: What would Winston Churchill do faced with today's seemingly nonstop financial and political crises?

The result is an elegant, insightful, and remarkably inspiring rumination on leadership that begins with young Harry in short pants huddled with his mom and two infant brothers in an air-raid shelter in Manchester. Even then, he was comforted by what he describes as "The sound of exalted leadership in the growling declarations of Winston Churchill."

Along with Sir Harry's take on Churchill, the highlights of this issue include Susan Glasser's shrewd assessment of Hillary Clinton's performance as secretary of state. Who would have guessed four years ago that Clinton would be the most popular politician in the United States—and, like it or not, a capable practitioner of "soft power" diplomacy. Nonetheless, according to Glasser, editor in chief of Foreign Policy and a Reuters columnist, Clinton remains a puzzle to

Washington's foreign policy establishment.

The picture we have of Henry Ford is of a revolutionary captain of industry who pretty much did as he pleased. But as Reuters' own car guy, Deputy Editor in Chief Paul Ingrassia, shows us, Ford had to fight tooth and nail to build the Model T, even in the company that bore his name. The iconic Chevy Corvette and once ubiquitous Chrysler minivan would also have died in committee were it not for the tenacity of a few good leaders, reminding us that subduing one's own corporate bureaucracy is sometimes a prerequisite to great deeds.

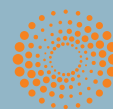
Not long ago, Chinese CEOs tended to be Communist Party stalwarts—often intelligent, capable managers, but not exactly ones to shake things up. Today, China boasts a growing stable of dynamic corporate leaders—people like Zhang Yue, whose Broad Group erected a 30-story hotel in just 15 days and whose own drive and ambition can call to mind a Middle Kingdom version of Steve Jobs. Beijing correspondent Terril Jones goes behind the scenes with Zhang and offers a fascinating snapshot of how corporate leadership is evolving in the world's second-largest economy.

So what would Winston do? Sorry, no spoilers here. You'll have to read Sir Harry's piece to learn the answer for that one, but I am confident it will be worth your time. For more insights into leadership and other timely global themes, along with trusted news and commentary from Reuters' 3,000 journalists worldwide, please visit us at Reuters.com.

All the best,

STEPHEN J. ADLER, *Editor in Chief*

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**OLD DAYS:
YOU BOUGHT THE CHUTNEY
BECAUSE YOU LIKED THE JAR.**

**NEW DAYS:
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by
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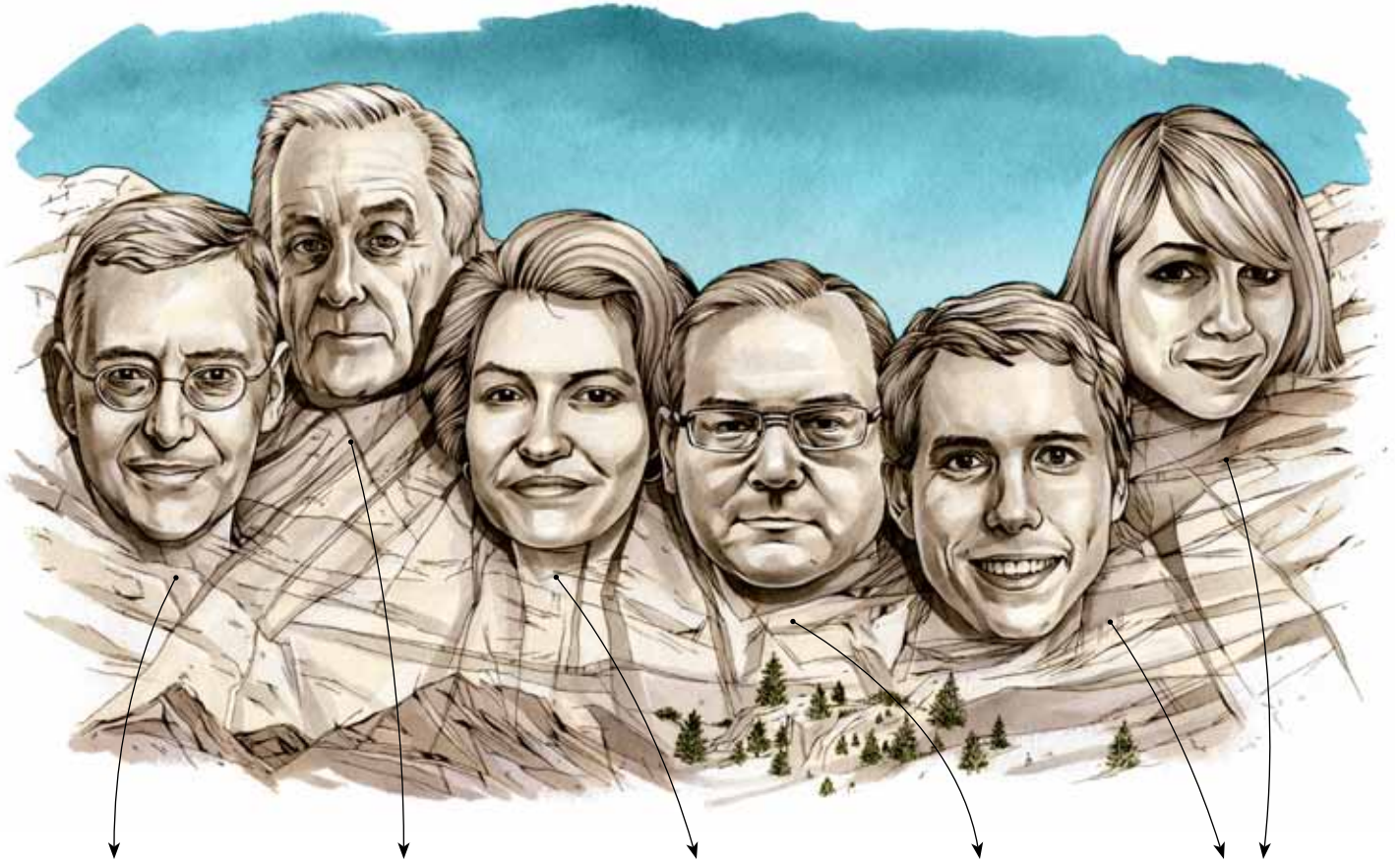
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Contributors



Paul Ingrassia

The Model T, the Corvette, and the Chrysler minivan are iconic American automobiles that almost didn't happen. In *Car Czars*, Pulitzer Prize winner and Reuters deputy editor-in-chief Ingrassia tells three stories of great business leadership. Ingrassia's new book, *Engines of Change: A History of the American Dream in Fifteen Cars*, was published by Simon & Schuster in May.

Sir Harold Evans

When Britain was under siege by the Nazis in 1940, Winston Churchill insisted that his nation would emerge victorious. Because of his charismatic authority, writes Evans, "we forgave Churchill for clutching at straws to cheer us up." In *What Would Winston Do?* Evans argues that today's leaders, in thrall to the latest opinion polls, would fare far better by taking their cues from the revered statesman.

Susan Glasser

Foreign Policy editor-in-chief Glasser traveled the world with Secretary of State Hillary Clinton, observing America's chief ambassador in real time and on dozens of diplomatic engagements. In *Hillary vs. the World*, Clinton emerges as a natural politician, a tough negotiator, and a woman of action. The question remains: What's next for the former first lady?

Terril Yue Jones

With his noble ideals and grandiose ambitions, Zhang Yue is part of a new generation of CEOs who are redefining Chinese business. In *The Made-in-China CEO*, Jones explores Zhang's plans to build the world's tallest building in four months, his war on waste, and the business plan that will save the earth.

Peter Rudegeair and Atossa Abrahamian

Ever wondered which actresses are big in Iran, or what Mao's *Little Red Book* can teach us about business leadership? Or which CEO has the most Twitter followers, and how much of her time is spent in meetings? The world of leadership is infinitely quantifiable, and Reuters associate editors Atossa Abrahamian and Peter Rudegeair are keeping score.



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KYRZYGSTAN

- ▶ **SHUTTLE DIPLOMACY BY OTHER MEANS** U.S. troops on a tarmac near Bishkek prepare for a flight to Afghanistan, where they will continue to wage a war they—and the Taliban—know will end in 2014, when—win, lose or draw—President Obama has vowed to bring American soldiers home.

FOLLOW



Some lead by example, some by guile, and too many, still, by the cudgel. The leaders dominating the headlines this year range from admirable to execrable—there’s Aung San Suu Kyi, who was forcibly sequestered in her home for 15 years and Kim Jong-un, a tin-pot despot perpetuating his father’s dream of keeping an entire country under house-arrest. There are other overlords propped up by varying degrees of thuggery as well as a few moral exemplars, including one who toppled a murderous tyrant by persuading her countrywomen to withhold sex. And in the United States, the current presidential campaign has already spun off a new lesson in leadership: Lead, follow or get a super PAC.



AFGHANISTAN

- ▶ **A FRIGID DARE** He led U.S. forces in Iraq and Afghanistan and somehow kept his reputation shiny (helped no doubt, by having Osama bin Laden put out a hit on him), and now David Petraeus is running the C.I.A., where he recently said he favors more aggressive use of drones against terrorists in Yemen... and the use of smart appliances to spy on the rest of us.

ME

Photograph by Khaled Abdullah



YEMEN

- ▶ **ESTROGEN SPRING** Tawakul Karman—honored for her role in the Yemen uprising—shared the Nobel Peace Prize with two Liberians: Ellen Johnson Sirleaf, Africa's first freely elected female head of state, and Leymah Gbowee, who led a sex strike that ended of that country's civil war and helped oust Charles Taylor, recently sentenced at the Hague for war crimes.

MYANMAR

- **STUDENT SUMMER ABROAD** For 15 years, Aung San Suu Kyi made news for what she didn't do: leave the house. The junta controlling Myanmar lifted that prohibition in 2010, and she quickly got elected to Parliament. In June she was scheduled to address both houses of the British parliament, and visit her beloved alma mater, Oxford.



Photograph by REUTERS/Staff



FOLLOW ME



IRAN

- **MULLAH, MAY I?** Pity Iran's president, Mahmoud Ahmadinejad. During his tenure, he has denied the Holocaust, overseen the build-up of Iran's nuclear program and called for the extermination of Israel. But he's now mocked as a moderate by hard-liners who expect to replace him next year with a man more to their liking.

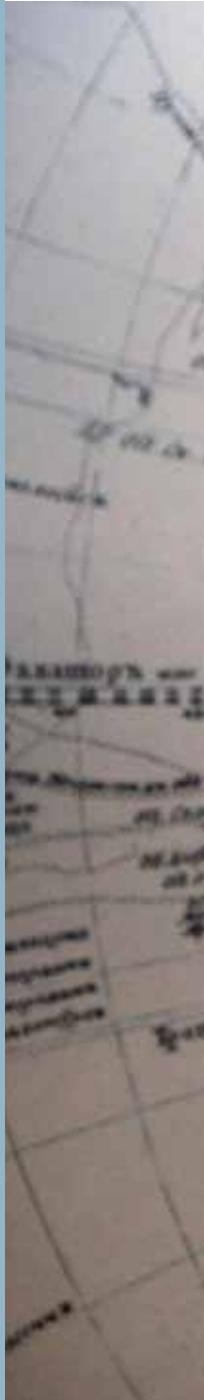
Photograph by Kyodo

Photograph by Morteza Nikoubazl



NORTH KOREA

- **DIM SON** After the death of North Korea's Dear Leader, Kim Jong-il, his favored son, Kim Jong-un, ascended to the throne. In his first stab at saber-rattling, his military launched a rocket for what was supposed to be a test of its capacity for carrying a nuclear warhead. Instead, the rocket disintegrated a few moments after launch. Sometimes it is rocket science.





RUSSIA

- ▶ **REPEAT OFFENDER** Former Russian President and then Prime Minister and now (again!) President Vladimir Putin seems disinclined to release his grip on Russia, but his reluctance to add to his resume is finally pushing some of his braver citizens into the streets. His inauguration in May brought violent clashes; 700 protesters were detained, and many of the younger ones were sent to military draft offices.

Photograph by Alexander Demianchuk



CHINA

- **IF NOT NOW, WEN?** Chinese Prime Minister Wen Jiabao, expected to step down this year, is trying to push through economic reforms, warning that China could face a “historical tragedy” as bad as the Cultural Revolution, although he’s a little distracted by some high-level apparatchiks caught up in scandals involving corruption and an intriguing murder investigation.

Photograph by Peter Andrews

Photograph by Larry Downing



USA

- **LET'S STAY TOGETHER?** If presidential elections were decided like *American Idol*, there's little doubt Barack Obama would swamp Mitt Romney, who recites verses of *America the Beautiful* as though it were Shakespeare, while POTUS killed at a fundraiser with a smoky version of an R&B classic.



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INDIA

- ▶ **GRAFT DODGER** A man in Mumbai waves the Indian flag to show his support for Anna Hazare, who has mobilized millions in his campaign to end political corruption in India. Hazare, who claims to have proof of corruption against 14 of the country's 34 ministers, says crooked pols should be executed.





OUT-GUNNED "War by other means" is turning into just war in Syria, which is good for Assad.

Rebellion 101

The Revolution Will Be Organized!

THE UPRISINGS ASSOCIATED WITH THE ARAB SPRING GAVE RISE TO THE NOTION THAT POPULIST REBELLIONS DON'T NEED LEADERS. AND THEN CAME SYRIA...

• **IS IT POSSIBLE** that rebel leaders are overrated? In the wake of the Arab Spring, the Occupy Wall Street movement, and other populist

uprisings around the world against autocracy and corruption, geopolitical analysts are asking fundamental questions about what leadership means

in such struggles. What sort of leadership is needed in non-violent uprisings? And in this digital age, do rebellions even need leaders?

The romanticized answer is that nonviolent struggles no longer require a charismatic leader—they can emerge spontaneously as oppressed people rise up and communicate through Facebook and Twitter. This lack of organization or hierarchy is said to be well suited to the goals of such movements. Where insurgents are fighting for democratic rule, it is appropriate that nobody is bossing anybody around. What's more, this alleged lack of leadership has a side benefit in that it precludes the authorities from destroying a movement by rounding up the ringleaders. You can't lop off

by HUGO DIXON



the head if there is no head.

A year ago, in the stirring aftermath of the Egyptian revolution, that paradigm had resonance. But the Arab Spring has run into trouble. It took a long and bloody struggle in Libya to depose Colonel

Muammar Gaddafi, and Syria is being inexorably sucked into a civil war. Even Egypt no longer looks like a clear victory for the Facebook revolutionaries: the Muslim Brotherhood, which has a more traditional hierarchy and respect for authority, is poised to scoop up the fruits of the populist occupation of Tahrir Square.

• — •

Getting Beyond Outrage

“THIS IS A WAR by other means,” says Robert Helvey, a former U.S. army colonel who has devoted himself to studying nonviolent combat and trains activists in its methods. “If you are going to wage a struggle, everybody needs to be on the same sheet of pa-

per.” The savviest analysts of the recent nonviolent movements never believed they had much chance unless they had leadership, unity, and strategy.

Start with the most basic tenet: No movement is likely to topple an entrenched regime unless it has a strategy. This involves systematically analyzing the opponent’s weaknesses, devising a plan for undermining them, and anticipating how the struggle is likely to unfold. To forge such a strategy, a movement needs leadership. And to follow such a strategy through the hard times ahead—during which nonviolent protests may be met with violence—it will need unity. Srdja Popovic, a leader of Otpor, the Serbian student group that helped

bring down Slobodan Milosevic’s dictatorship in 2000, now advises activists on how to organize similar movements. He stresses the importance of unity, and tells them one of the main reasons Otpor succeeded against Milosevic was because it banged together the heads of a bickering group of politicians and got them all to support one candidate.

Leadership is required to plan the different stages of a conflict. Helvey says there are usually three: removing a regime; installing a democratic government, maybe a transitional one; and then defending that new government against coups. He points out that while the Egyptian students brought down Hosni Mubarak, they didn’t have a

follow-up plan, which allowed the Muslim Brotherhood to step in and take control. They won an important battle, but had their prize snatched from their hands.

The problem in Egypt was getting beyond regime change, but most movements even struggle to get that far. Again, that’s usually due to a lack of effective leadership. Gene Sharp, a Boston-based academic who has studied nonviolent struggle for over 60 years, says it’s foolhardy to think you don’t need leaders. History supports this argument; few, if any, leaderless nonviolent struggles have been successful, according to Adam Roberts, emeritus professor of international relations at Oxford Univer-



• — •
FLOWER POWER?
Syrian rebels made a mistake by going to the streets too soon, exposing supporters to reprisals.

sity. The Occupy Wall Street movement may be a case in point. It was a public relations sensation early on, but the participants didn't appear to have any strategy beyond pitching tents in public spaces, and public interest fizzled. The ongoing Syrian revolution is another example of the perils of revolt without sound strategy. The activists there didn't seem to have any plan for what to do when President Bashar al-Assad's regime fought back with torture, detention, and mass killings—even though that brutal response was predictable.

The Syrian activists made another strategic error: They initially placed too much emphasis on demonstrations against the regime, and while public protests are crucial in revolutionary movements, they expose the participants to brutality. Alternative tactics, such as boycotts and strikes, can be a better way to challenge the regime while keeping your casualties low. It takes leadership to coordinate that kind of strategy.

To be fair, the activists in Syria can't organize or even communicate effectively with anything larger than small cells because as soon as they put their heads above the parapet, they are arrested, tortured or killed. After months of being bludgeoned by the regime, the Syrian activists have increasingly turned to violence themselves.

• • • **Propagandists and Strategists**

WHAT SORT of leadership is required to sustain a nonviolent revolution? Since headless social-media revolutions appear to be doomed, the temp-

tation is to flip to the opposite extreme—a powerful, charismatic leader. History seems to have smiled upon this tactic: India's independence movement had Mohandas Gandhi; the U.S. civil rights movement had Martin Luther King; the anti-apartheid movement had Nelson Mandela. More recently, Aung Sang Suu Kyi has been the face of Burma's struggle against dictatorship, and Anna Hazare the leader of India's anti-corruption crusade. Inspirational leaders, all.

"Charismatic leadership makes all the difference in the world when you are running a revolution," says Helvey. It's good to have a strong leader who can knock heads together and get everybody to stick to a plan. "You can't have a democracy to run a war," he explains. "Once a decision has been made, everybody has to get on with it."

Still, it would be wrong to jump to the conclusion that successful leadership has to come from a dominant figure. A leadership team has multiple advantages: It will survive if any single leader is captured or killed; it can stop a leader from getting too egotistical or even turning into a new dictator; and it may lead to more innovation, because having an excessively powerful leader can prevent new ideas from percolating.

What's more, not all of those movements we think of as fronted by charismatic leaders were one-man (or one-woman) bands. Often there were several inspirational leaders. Think of the combination of Jawaharlal Nehru and Gandhi in India; or Viktor Yushchenko and Yulia Tymoshenko in Ukraine's Orange Revolution in 2004-

2005. Even when there is a single strong leader, that person is unlikely to possess all the qualities required to bring a struggle to a successful conclusion. Movements require both brilliant propagandists and shrewd strategists. In very few cases—such as that of Gandhi, who was both a messianic leader and an intuitive

the anti-apartheid movement in South Africa, young leaders were trained at Gandhi's old Phoenix Settlement near Durban. Sharp's Albert Einstein Institution has run workshops for some resistance struggles, as has Popovic—his new Centre for Applied Non-Violent Action and Strategies (CANVAS) has trained activists in

"You can't have a democracy to RUN A WAR."

strategist—are both qualities found in one person.

The opposite is more typical. For example, Martin Luther King's brilliant oratory was married to Bayard Rustin's tactical genius, according to Roberts. Rustin, who had travelled to India in 1948 to learn the lessons of Gandhi's campaign, taught King a lot of what he knew about nonviolent struggle. (One of his mottos: Never do the same thing twice.)

• • • **An MBA in Nonviolent Revolution?**

IS IT POSSIBLE to teach people how to run a nonviolent revolution? For traditional warfare, there are military academies—such as West Point in the United States and Sandhurst in Britain—dedicated to teaching the strategies of engagement. After training at such a college, young officers then get an apprenticeship working on military campaigns for senior leaders. There is no nonviolent equivalent of Sandhurst, but there have been attempts to train leaders for nonviolent struggles. During

several countries, including Egypt, Ukraine, and Georgia.

There are also a few academic courses. One is a graduate program on the strategies and methods of nonviolent social change started by CANVAS at the University of Belgrade. Another is the Fletcher Summer Institute for the Advanced Study of Nonviolent Conflict, held at Tufts University in Boston.

More and more academics are also studying the field. Their books and articles are filtering down to activists on the ground, and what those books are telling them is this: To win a nonviolent struggle you must have leadership and solid strategy. Over time, such initiatives will get the relevant know-how to more and more emerging leaders and make them better nonviolent fighters. And that sharing of knowledge makes it more likely that the next nonviolent uprising will not just overthrow a dictator, but will replace him with a viable democratic government. ☀

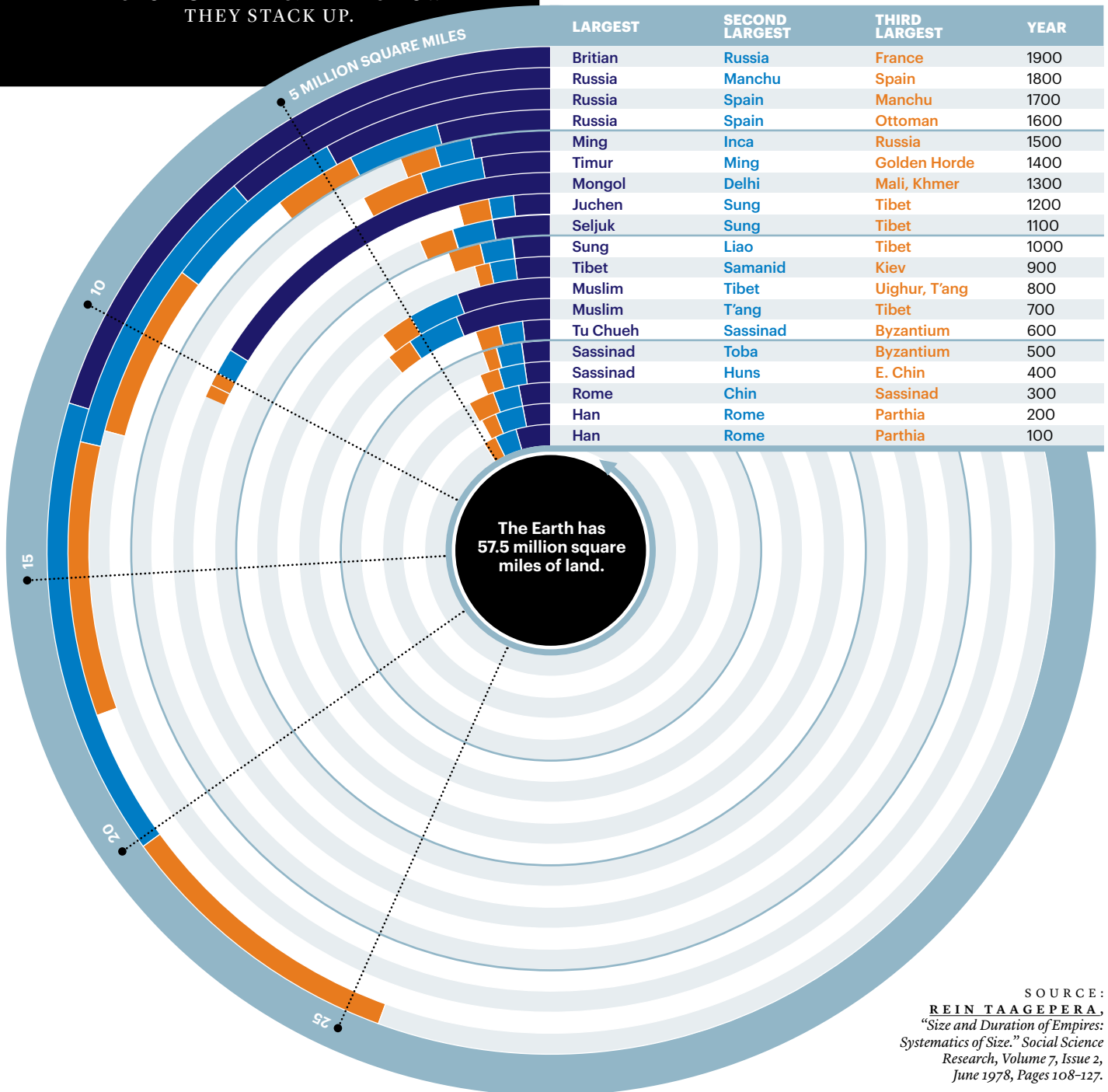
Hugo Dixon is the editor of Reuters Breakingviews, which he started in 1999. Before that, he spent 13 years at the Financial Times, the last five as Head of Lex.

Build Your Empire Well

SOME OF WORLD'S MOST REMARKABLE IMPERIAL REIGNS WERE, RELATIVELY SPEAKING, HISTORICAL BLIPS. HERE'S HOW THEY STACK UP.

DESPITE ITS INFLUENCE on the modern world, the Roman empire was a pipsqueak next to the Han Dynasty's Chinese empire. The two largest empires—the Mongol and the British—held that title for only a century, a reign shorter than that of the long forgotten Sassinad empire. In this graphic, you can see how much territory the world's three top imperial powers controlled at the dawn of each century. 🌐

THE THREE LARGEST EMPIRES, BY AREA



SOURCE:
REIN TAAGEPERA,
"Size and Duration of Empires:
Systematics of Size." *Social Science
Research*, Volume 7, Issue 2,
June 1978, Pages 108-127.

Are State-Led Economies Better?

UNSTABLE, DESTRUCTIVE AND CRISIS-PRONE,
LAISSEZ-FAIRE CAPITALISM IS UNDER SIEGE

by IAN BREMMER



AS EUROPE'S LEADERS struggle to restore confidence in the single currency and America's economy limps ahead at a painfully slow pace, China's economy continues to power forward at its now characteristically strong clip. For the past three decades, China has been the world's fastest growing economy—and within the next several years, the People's Republic will overtake the United States as the world's largest. Some economists have even argued that, measured by purchasing-power parity, China has already pulled ahead. Such

prognostications, accurate or not, have led to dire warnings that liberal capitalism's best days are behind it, that the future lies with authoritarian market managers who are able to relocate populations and move mountains by decree. For the moment, at least, state-managed capitalism appears to be triumphant.

Such appearances, however, are misleading. The appeal of state capitalism lies in its ability to withstand the occasional crises that afflict market systems, thus shielding the general population from politically inconvenient disruptions. It is a system in which the state uses state-owned enterprises, national champion firms, sovereign wealth funds, and politically loyal banks to dominate the process of domestic wealth creation. To be sure, this is not communism; significant segments of state capitalist economies are in private hands. But the state plays the largest role in ensuring that market forces serve political ends—by ensuring that, profitable or not, businesses invest in projects that bolster social

stability and protect the ruling elite's political control.

China is not the only state capitalist economy producing impressive results. As the Arab world continues to contend with the risks of political turmoil, Saudi Arabia and the United Arab Emirates have stockpiled the cash they need to maintain stability by controlling much of the wealth produced by national oil companies. Even some emerging democracies have begun to flirt with limited forms of managed capitalism. Brazil's private sector remains crucial for the country's expansion, but its government leans on state-owned energy firm Petrobras and privately owned mining champion Vale to help create jobs. President Dilma Rousseff's government won't milk cash from these firms as President Hugo Chávez has done with state-owned oil company PDVSA in Venezuela, but Petrobras is already at risk of becoming a much larger, less efficient, and thus less profitable company.

State control is not the

choose between public wealth and political survival, state capitalists will always protect their own interests first. In China, as elsewhere, commercial activity depends on access to information, and the Internet provides the best and most efficient access to it. Yet if the Internet threatens to enable popular resistance to China's authoritarian government, and if political officials have the means to shut the Internet down, even temporarily, they will do just that.

State capitalism's greatest weakness lies in its intolerance of "creative destruction," a process that invests liberal capitalism with vital self-regenerating momentum. The liberal capitalist model makes it possible for the workers, resources, and ideas invested in a dying industry to spontaneously recombine in novel configurations to produce goods and services that satisfy emerging demand. But the economic engineers of state capitalism fear any form of destruction that develops beyond their control. This is

As a system and by design,
STATE CAPITALISM ensures that
wealth creation does not threaten the
leadership's hold on political power.

future of capitalism. It is a dead end from which China will have to free itself if it is truly destined to dominate the world economy. As a system and by design, state capitalism ensures that wealth creation does not threaten the leadership's hold on political power. Its ability to stimulate growth and general prosperity is a secondary benefit. Forced to

why state-owned companies, which build influence within government over time, often succeed in resisting the need to adapt to changing times.

Then there is the question of openness. Within autocratic state capitalist systems, government-owned companies like China National Petroleum Corporation and some of the Arab world's sovereign wealth funds



shun the transparency that long-term resilience and adaptability demand. This opacity can benefit a country's ruling elite by hiding unsuccessful investment decisions, but it is very harmful for the system's long-term health. When such institutions can hide their failures, they are free to inflict much more lasting harm than they otherwise could.

Managed capitalism also

falls short when it comes to exploiting innovation, though government-directed investment can play an important role in the development of new technologies. The Internet arose from a U.S. government-subsidized defense project, but it was profit-driven companies that developed and reimagined the Internet and thus transformed the world. History shows that over time state

officials never value assets and allocate resources as efficiently as market forces can.

Even in China, state officials understand that citizens are the engine of economic vitality. That is why the state has embarked on an historic and ambitious plan to shift wealth from China's largest companies to the country's consumers. China's leaders know that the next generation of

economic growth must be less dependent on exports to Europeans and Americans; creating domestic consumer demand is crucial. Thus the process of empowering Chinese consumers will undermine state capitalism's appeal even within the country that has made this system so seductive. 🌀

Ian Bremmer is the president of Eurasia Group, the leading global research and consulting firm specializing in political risk.

The Leadership Lessons of Chairman Rupert

THE PHONE-HACKING SCANDAL ISN'T THE FIRST CRISIS THE RESOURCEFUL NEWSCORP BOSS HAS HAD TO GRAPPLE WITH

by JACK SHAFER



• **RUPERT MURDOCH** has endured more crises during his 80-plus years than Richard Nixon and Odysseus combined, so the CEO and Chairman of News Corporation can be forgiven for seeming nonplussed by his current predicament. He took over the family newspaper business in Australia at 21, when his father died, and expanded it. He fought the British unions in 1986 and won. He repelled the bankers in 1990 when he

was close to insolvency. He has survived two divorces, the purchase and sale of MySpace.com, a bunch of other digital disasters, and even the predations of John Malone, who threatens Murdoch family hegemony with his purchase of the NewsCorp. stock. And now, referencing his media empire's latest fiasco, the British Parliament has deemed Murdoch "not a fit person" to run an international company.

If Murdoch were the sort of pompous captain of industry who collected leadership maxims, Look for Trouble would likely top his list. He craves competition, and has repeatedly bet his company on new ventures like 20th Century Fox, the Fox network, NFL football, and his satellite operations.

Most chief executives think rewarding stockholders is their primary job. Not Murdoch. The Murdoch family owns the controlling shares in the company, so the chairman can largely ignore Wall Street to pursue a

strategy that stretches across decades, not quarters. Yes, he's impulsive, but creatively so.

I asked Ken Auletta, who has covered Murdoch for almost 40 years, to distill management maxims from the CEO's adventures. He offered *Ideology Is for Amateurs*, which captures Murdoch's political

A second maxim identified by Auletta—*Public Memories Are Short, So Apologies Are Inexpensive*—explains his performance before the phone-hacking committee last summer, when he said, "This is the most humble day of my life." This very insincere regret made headlines around the



agnosticism. He leans right in his utterances, but subscribes to the politics of expediency, which explains how easily he shifted in the U.K. from supporting the Tories to supporting Labour and back again. Auletta says Murdoch's genuine identity is that of a businessman. If he has any ideology, it's *What's Good for Me?*

world and bought his company a breather as it scrambled to rebuild its defenses.

Michael Wolff spent hundreds of hours with Murdoch for his 2008 biography, *The Man Who Owns the News*. "Loyalty is the most important virtue in an employee—hire only people who think you did them a favor by hiring them,

i.e. not people with a lot of other options,” Wolff writes in explanation of Murdoch’s practices. If your employees share your primary values and feel they owe you, you can lead them with a flick of your pinky.

“Seek Leverage over everybody you do business with—being able to punish people is an

to say this, but I’m going to...” and proceeded to confess to a “cover-up” of phone hacking at *News of the World*. “Rupert famously doesn’t take advice,” one news story quoted an anonymous source.

A fourth maxim from Wolff makes a virtue of Selfishness. “Make it yours; keep it yours;



INK-STAINED MACHIAVELLI
Murdoch’s an expert shape-shifter, and a master of expediency.

incredibly effective currency,” Wolff continues. “Listen to the voice in your own head more than to anyone else—everybody else will recommend caution; only you will take real risks.” Murdoch exhibited his faith in his own voice at the Leveson hearings in late April, when he said, “I’m under strict instructions by my lawyers not

make sure everyone knows it’s yours—be the one and only, the singular, the irreplaceable,” Wolff writes. The News Corp. firings, his brisk shuttering of *News of the World* when the phone-hacking scandal crested last summer, and his cavalier treatment of his children (and heirs) prove that when loyalty collides with

THE WORST OLD TOFFS

Rupert Murdoch posted his first tweet on December 31st, 2011, and he’s been prolific ever since.



He’s generous with his political opinions:

Paul too extreme, but right to draw attention to Fed.

Printing zillions can only cause inflation—the coward’s way out of this mess.

He often frets about the American economy:

Unemployment: US official figures greatly underestimate real situation plus millions with part time jobs.

And he’s pretty sure everything’s not okay in the U.K.:

UK entitlement society. No wonder rich layabouts contribute nothing when immigrants work harder better. Honest Brits work and resent system.

He really, really likes austerity:

Economic problems made by waves of politicians making impossible promises. Now the bills are arriving .

But takes swipes at the 1%:

Social fabric means all. Must wake up before coming apart more. That includes closing tax loopholes for rich people and companies.

He can get reflective:

Looking at Arianna H self portrait. Aren’t we all evangelists? If we don’t propagate our beliefs why bother thinking?

And overly reflective:

“all that is and has been is but the twilight of the dawn”.
H.G. Wells

He even shows a glimpse of his days at Oxford, when he had a bust of Lenin on his mantel:

Enemies many different agendas, but worst old toffs and right wingers who still want last century’s status quo with their monopolies.

—ANTHONY DE ROSA

Murdoch’s agenda, his selfishness trumps all.

Although Murdoch is said to be a good boss, whenever one of his executives grows too big, he becomes an expendable rival. Roger Ailes, the mastermind behind Fox News, is the only existing exception—and he could go at any time.

Former broadcast journalist Adrian Monck, who briefly worked for Sky News (which News Corp. co-owns), detects a current of Machiavellianism flowing through Murdoch’s career, specifically the sentiment expressed in this line from *The Prince*: “Whosoever desires constant success must change his conduct with the times.”

“Throughout his commercial career, from Adelaide aristocracy to Manhattan moguldom, he has convinced every major protagonist that he is somehow the answer to their prayers,” Monck says. “At every step he has somehow managed to recast himself for the opportunity. Even appearing before British legislators, each appearance has been subtly different. So that would be my lesson—appear consistent and conservative, succeed through shape-shifting.”

Only a madman would embrace the Murdoch strategy in its entirety. Only the brave would apply even three of the maxims at once. For managers who find opportunity instead of terror in turmoil and don’t mind being denounced by ex-employees as a betrayer, Murdoch’s way might work. Just make sure the corporate bylaws keep you in control of the board of directors. It’s easiest to lead when you own. 🍷

Jack Shafer is a Reuters columnist covering politics and media. He was honored recently with an award from the Society of American Business Writers & Editors.



Best Practices

Whack 'em with a Board!

SHAREHOLDERS (AND ETHICS) DEMAND THAT BOARDS STOP SLEEPING ON THE JOB

• **BOARDROOMS** around the world are going through an extraordinary transition. There is a greater understanding of the power and responsibility of boards, and they no longer operate in a black box. The message from investors now is: We're watching you!

The Shareholder Spring, as the recent period of shareholder activism has been dubbed, shows that investors, stakeholders, regulatory bodies, governments, and the general public are taking a greater interest in what goes on behind closed corporate

doors. Ignoring this new call for transparency is futile, and will lead to accusations of being out of touch—tone-deaf in a soundproof room.

This year brought a rude awakening for boards. HP, Yahoo, News Corp., Facebook, Goldman Sachs, MF Global, AstraZeneca, Barclays, Olympus, RIMM, Kodak, and many others were in the headlines for all the wrong reasons. Boards were criticized by investors and other stakeholders on a wide range of issues, including their composition, competence, diversity, voting control, and dual stock structures. No sector is immune, no director untouchable.

Gone are the days of the rubber-stamp board. The les-

by LUCY P. MARCUS



son is clear: Organizations suffer greatly when independent board members don't ask hard questions, and refuse to hold executives accountable for not just the profit margins but also the ethics of the company. A

PORTRAIT ILLUSTRATION BY MICHAEL HOEWELER

BOARDS BEHAVING BADLY

There are lazy boards, inept boards, even corrupt boards, but for pure entertainment value, nothing beats HP's board.

In 2002, CEO Carly Fiorina's \$19-billion merger with Compaq spurs a long proxy fight led by HP's board director. The board pushes her out in 2005. A year later, Patricia Dunn, the non-executive chairman, hires P.I.s to plug a leak. They monitor personal calls by HP directors and journalists; Dunn is forced to resign when this is leaked. In 2010, the board pushes CEO Mark Hurd out over hinky expense reports. Oracle CEO Larry Ellison calls this "the worst personnel decision since the idiots on the Apple board fired Steve Jobs..." Board members pick Leo Apotheker as new CEO, although most have not met him. He lasts 11 months. Meg Whitman, one of five directors Apotheker recruited, replaces him—she's the sixth CEO since 1999. In May, 2012, following a quarter in which net income dropped 31%, HP announced it would lay off 27,000 employees. "It has got to be the worst board in the history of business," renowned Silicon Valley investor Tom Perkins recently told the *New York Times*.

complacent board jeopardizes a company's future.

Boards need to change, and serving on a board needs to be considered a job, not an annuity. As board members we are treated very well. We are sent manicured board papers in advance of board meetings. We are collected at the airport, transported to meetings, treated to lovely meals, and given slick and painstakingly prepared presentations. If we are not careful, we can become too comfortable, complacent, and we won't have a fingertip

feel for the organization.

The best boards have chairs and members who are truly independent and engaged, who work hard to get a complete understanding of the business their organization is in—and the one it wants to be in. As board members, we should be assessed on how well we fulfill what I call our "grounding and stargazing" responsibilities: making sure the company manages its risks prudently and operates at all times in a responsible, legal, and ethical manner, while at the same time making sure it is ready and able to respond shrewdly to future challenges.

It is also clear from reading the stories accompanying all the recent headlines about boards behaving badly that they need to be more diverse in every way—gender, professional expertise, ethnicity, age, international perspective, and more. A truly diverse board will present more opinions from more perspectives, have fewer common assumptions (and misconceptions), and is more likely to understand the various needs of all of the company's customers, employees, and investors.

It is critical to have the right group of people sitting around the boardroom table, but those directors will only be useful if they are allowed to operate with complete candor. Independent board members have to be comfortable asking hard questions; in fact, it needs to be clear that asking tough questions is a basic requirement. In such an environment board members can discuss a wide range of topics essential for their organization's short- and long-term success, including sustainability, the changing workforce, innovation, infra-

structure, technology, internationalization, communication, and the balance of continuity and change.

Better boards require better leaders around the table, and being a leader in the boardroom isn't just the job of the chair or lead director—it is the responsibility of every board member. Leadership means not bowing to peer pressure or groupthink. It means not acquiescing when you are the only "obstacle" that stands between clarifying a point and breaking for lunch. It is about being the voice of caution when the rest of the board is in a state of euphoria.

Being a good leader also requires active engagement

to go, rather than waiting to be pushed by the nominations committee or the board chair.

There are several reasons to leave a board, including: you've served too long, your expertise is no longer required, you're not pulling your weight, you're obstructively disruptive, or your actions, inside or outside the boardroom, bring distraction or disrepute. No one wants to be the person everyone around the table feels is not contributing, and you never want the board to have to take formal action because you have overstayed your welcome. Although humbling to admit, no one is irreplaceable, and sometimes the best service

Showing great leadership in the boardroom also MEANS knowing when it is TIME TO LEAVE.

inside and outside the boardroom. When you first join a board, get to know the people you will be working with, and the business your organization is in—its competitive landscape, its stakeholders, employees and customers, and even the communities in which it operates. Independent knowledge is power.

Showing great leadership in the boardroom also means knowing when it is time to leave. Keeping a board fresh is important, but it is a topic too often discussed in hushed tones. There is a real danger of board seats being treated like sinecures. As companies grow, boards need new faces, new ideas, new perspectives, and new expertise. As board members, it is our individual responsibility to know when

you can give is to walk away.

The Shareholder Spring has been a good thing for investors, and a good thing for boards, even though many directors might not feel that way right now. It has fostered a long overdue public conversation about the role of boards and board members. A good board—one that is engaged, transparent, and accountable—is a tremendous asset to an organization. The evolving boardroom requires every board member be a great leader, from the moment we are appointed to the day we step down. ☀

Lucy P. Marcus is CEO of Marcus Venture Consulting, a board chair and director, Professor of Leadership and Governance at IE Business School and a Reuters columnist focused on the intersection of boards and leadership. She hosts the Reuters TV show, "In the Boardroom with Lucy Marcus."

Running Al Qaeda

HOW OSAMA BIN LADEN MANAGED HIS FAR-FLUNG TERROR OPERATION AND FORCED AMERICA TO RETHINK WARFARE

by ZACHARY TUMIN



WE NOW HAVE the first public release of goodies from Osama bin Laden's redoubt at Abbottabad: 17 letters to and from bin Laden and his crew that spell out vision, plans, and tactics for the global jihad. The letters span a decade and outline the dimensions of a would-be caliphate—a truly global theater of war conceived, plotted, and executed by bin Laden. They also reveal bin Laden to be a highly accomplished orchestrator of a global network struggling with the challenges of collaboration. Three issues consume him, and they happen to be the classic political tasks in the management of collaboration.

First, and most important: keeping everyone on track. For bin Laden, the primary

management task was clearly holding everyone to a solitary vision, staying true to values (Islamic law, as he read it), and aligning deeds with words. Across his network bin Laden had little command or control over who operates in the name of Allah or even al Qaeda. As a result, nothing bugged him more than dummies among al Qaeda's formal franchisees, loose affiliates, or allies getting distracted from killing Americans; or butchering innocent Muslims; or blowing chances for alliances he sorely wanted to create. Bin Laden's advisers were astounded, for example, when al Qaeda in Iraq attacked Catho-

lics in an attempt to pressure Coptic Christians into releasing prisoners. It's as if, one wrote, someone took Sunnis hostage to pressure Shias—"Does this satisfy any sane person?" The sheer horror of the geopolitical and historical error left bin Laden's deputies shaking their heads.

Second: managing franchise



The letters reveal that **BIN LADEN** was struggling with the challenges of collaboration.

relations. Getting second-rung leadership right is important for any enterprise, and for al Qaeda that meant assuring the brand and building network capacity for terror. Bin Laden was careful about deciding who would be anointed with two powerful gifts—his blessing of leadership, and formal affiliation of groups to

al Qaeda central (a term he heard used by the media and, amazingly, appropriated). Bin Laden was no pushover. In fact, the letters show that he was hands-on and prickly about all such organization matters, going so far as to require memoranda of understanding with affiliates. As for appointments, bin Laden was a stickler for a good résumé that detailed education, battlefield experience, and religious training.

"How excellent would it be," bin Laden wrote, "if you ask brother Basir to send us



In the new world of warfare, victory is a function of network flexibility.

the résumé, in detail and lengthy, of brother Anwar al-Awlaki.” And don’t forget the career goals and cover letter. “Also ask brother Anwar al-Awlaki to write his vision in detail in a separate message.” This, for the man nominated to run al Qaeda in Yemen.

Third: delivering on the promise of his brand and staying in the headlamps of his political support. Managing both the Arab street, upon whom he counted for support, and his franchises, who were tasked to execute plots, required careful negotiation. The key

was right-sizing terror. Too much wrist-chopping would serve only to alienate the street, whereas anemic targets would demoralize his men in the field. Violent, cataclysmic, high-value American kills like the Twin Towers, the USS Cole, and the Nairobi embassy bombings worked for both, and for bin Laden.

All this negotiation and persuasion—the essence of political management—occurred while American and NATO forces were hacking away at bin Laden’s networks. He’d caught the Americans

flatfooted in 2001. United States forces were disinclined to collaborate, share information, or innovate fast on the battlefield. But the 9/11 attacks changed all that, in three ways.

First, 9/11 created an at-war mindset for war planners where collaboration became the default strategy, not the last resort. Massive investment in new technology platforms allowed military and intelligence services to share

locals. “Human terrain” teams built webs of partisans and did battle with al Qaeda for hearts and minds. “Sensitive site exploration” teams became part of every operation and scooped up computer harvests from countless raids, just like the one at Abbottabad. Teams of intelligence, surveillance, and reconnaissance specialists ate that data like Wheaties for breakfast, and used it to whip networks of drones, satellites, and operators on the ground


Bin Laden was **HANDS-ON** and **PRICKLY** about all organizational matters.

data. New “network-centric” doctrine envisioned every war fighter—alone on a hilltop or massed in planes, ships, and tanks—to be super-empowered by data and imagery. Organizations like Joint Special Operations Command beefed up on operators, authorities, and shared missions that crossed boundaries.

Second came rich technical innovations, some of which saved lives, like IED-resistant trucks and armor; others took lives, like Predator drones. First deployed during the Kosovo campaign, then perfected and scaled in Iraq, those innovations—equipping Predator with lasers for targeting and eventually with Hellfire missiles for shooting—compacted the kill-chain from hours to minutes and produced devastating effects.

And third, the total battlefield integration of people, machines, and procedures occurred. New units stood up to soften the boundaries across services and with

into a lethal, agile blend.

The “Battle of Manhattan,” as bin Laden called 9/11, had the effect of forcing the United States to investigate its failures and to transform its war-fighting capabilities. Wherever Muslims lived, the letters show, bin Laden claimed a right and an interest to make war, cast out Americans and apostates, and restore the caliphate. Following bin Laden’s lead, the United States also claimed the right to make war anywhere on earth. On May 2, 2011, at the Battle of Abbottabad, those iron-bound American bureaucracies, capable of astonishing scale and persistence, and their newly agile networks, collaborated and defeated bin Laden’s own, which proved unable to survive the rigors of the networked world and the new modes of warfare they helped bring into being. 

Zachary Tumin leads the Information and Communications Technology project at the Belfer Center for Science and International Affairs at Harvard’s John F. Kennedy School of Government.

The CEO FILE



In 2011, **JOHN H. HAMMERGREN** of McKesson was the **HIGHEST-PAID AMERICAN CEO**, earning

\$131 MILLION

in total compensation.



The **HIGHEST-PAID FEMALE CEO** was **IRENE ROSENFELD** of Kraft Foods. She earned

\$25.4 MILLION

Minimum number of occasions on which former News International CEO **REBEKAH BROOKS** has met with **BRITISH PRIME MINISTERS:**

40

BROOKS and **PRIME MINISTER DAVID CAMERON**

sometimes texted each other **12 TIMES A DAY.**



Percentage of people worldwide who view CEOs as **CREDIBLE SOURCES OF INFORMATION:**

38

JPMorgan Chase CEO **JAMIE DIMON** dismissed rumors of his bank's dangerous exposure in credit derivatives as a **"tempest in a teapot"**

5 weeks before he announced a trading loss of at least \$2 billion.

Percentage of **AMERICAN CHIEF EXECUTIVES** who are women:

25.4



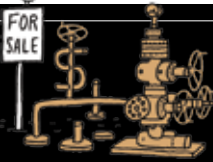
Number of female **CEOs HEADING FORTUNE 500 COMPANIES** in 2012:

18



Number of women who **RAN A FORTUNE 500 COMPANY** in 1996:

1



Amount that **Aubrey McClendon**, CEO of **Chesapeake Energy**, earned during the first four months of 2012 from sales of company well assets:

\$108.6 MILLION

EXECUTIVE COMPENSATION

among the 500 largest American companies increased **16 PERCENT** last year.

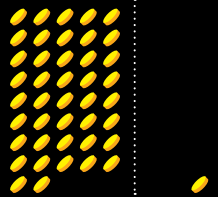


The average **American worker's salary** went up by

3%

Ratio of **CEO-TO-WORKER** pay in the S&P 500 in **1980:**

42/1



CEOs spend about 60 percent of their **TIME IN MEETINGS.**



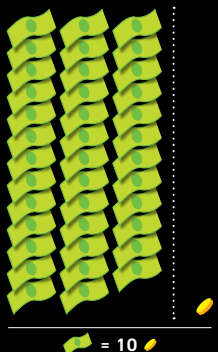
Former WorldCom CEO **BERNIE EBBERS** (prisoner number 56022-054), currently serving 25 years for fraud, holds the record for the longest jail sentence handed a Fortune 500 CEO.

CEO with the most Twitter followers: **OPRAH WINFREY** at **11,378,538**



Ratio of **CEO-TO-WORKER** pay in the S&P 500 in **2011:**

380/1



= 10



**Reason says:
go with the
well-known.**

**Instinct says:
go with the
know-how.**



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War Stories

► ILLUSTRATIONS BY DAVID FOLDVARI

WHAT WOULD WINSTON DO?

The world is in crisis-mode because political leaders refuse to lead, and “think” with their poll numbers. We could look to the heavens for a miracle. Or we could look to Winston Churchill

by Sir Harold Evans

BER, 1940

Prison Thurs. 14
Munich

11-15-40 C.C. Fyfe (Lond)
2-4-41 Eric Halifax
3-0-41 F. A. C. G.

Ac...
Halifax

concern in seeing you,

Halifax

WIGHT.
ARNT.
FREIDE.

WE
SHALL
NOT
FLY
OR
FAIL.

MISSION ACCOMPLISHED
MISSION ACCOMPLISHED
MISSION ACCOMPLISHED





CHRISTMAS 1940 in wartime Britain was not much fun. On Sunday, December 22, still a schoolboy in short pants, I sat in a small, brick air-raid shelter in our back garden in Manchester, huddled in the cold with my mother and two infant brothers; Dad was out in the darkness somewhere driving a steam train. We were lonely and very afraid, isolated in a vast cavern of echoing noise—the drone of wave after wave of German bombers overhead, the crump-crump! of our ack-ack guns, the blast of the bombs.

I didn't know it at the time, but we had been marked for extinction. Three months earlier, the Luftwaffe had flown stealthily at high altitude, photographing our neighborhood. I came across their pictures only recently, crystal-clear and marked with black rectangles enclosing the factories down the street from our home, where Lancaster bombers were being made for the Royal Air Force. The German Heinkels dropped 272 tons of high explosives and 1,032 incendiary canisters over that Sunday-Monday. Next morning, when we emerged from our shelter, fires raged in the city, but the bombers had missed the factories, and us.

We'd been lucky. And Britain was lucky in another sound that comforted us when the air-raid sirens wailed and the headlines from the battlefield got ever grimmer: the sound of exalted leadership in the growling declarations of Winston Churchill. "You ask what is our aim? I can answer in one word: it is victory, victory at all costs, victory in spite of all terror, victory however long and hard the road may be..."

We believed him, were inspired by him. Does it matter that he was deceiving us and maybe deceiving himself? Leadership has come to be defined as the organization of competence; inspiration is devalued and every "animating vision" cost-analyzed to the point where nothing is worth attempting. But at that time of supreme peril, inspiration was more relevant than calculation. Morale mattered more than arithmetic.

On the evidence, all too plain to see, it was ridiculous for us to think of victory, still less plausible to proclaim it achievable. Survival was the goal. When Churchill succeeded Neville Chamberlain as prime minister on May 10, 1940, at the age of 65, the French Army was in rout, a shredded British Army was abandoning its weaponry as it staggered toward Dunkirk, and we were in a humiliating retreat from Norway. The skeptics had every fact on their side, but the new prime minister boldly assured us that the German Army would be stalled soon—that the spring harvests across Europe would fail; that a mass, uncontainable uprising of the French was imminent; and America would enter the war "in the near future." Churchill's citations for optimism proved unfounded—the harvests were safe, the French were easily subdued, and the United States did not enter the war in Europe for another 18 months. That only happened on December 11, 1941, after the Japanese attack on Pearl Harbor, which prompted Hitler, in a mad—and for us, marvelous—moment to declare war on

DISASTERS HE HEAD-ON; WASHED AWAY WITH

America. This welcome news came a year after many of our cities had been pulverized. Churchill's beloved House of Commons had been hit in the moonlight blitz of May 10-11, 1941, its chamber reduced to a smoking shell.

Making predictions is risky for leaders. President Herbert Hoover lost what little of the American people's trust he still had when he told a delegation to the White House worried about the economic crisis engulfing the nation: "Gentlemen, you've come 60 days too late. The Depression is over." Chamberlain could not hope to survive after having told rapturous crowds upon his return from Munich in September of '38 that Herr Hitler had signed his name to a document guaranteeing "peace in our time." He'd been duped and people felt like dummies for believing him. The "Mission Accomplished" banner strung up on the deck of a U.S. Navy aircraft carrier in 2003 became a bad joke for the rest of the presidency of George W. Bush.

How did Churchill manage to retain our trust? Disasters he confronted head-on; minor error he washed away with irony. "The marks of a politician," he said, "are the ability to foretell what is going to happen tomorrow, next week, next month, next year. And to have the ability afterwards to explain why it didn't happen." It counted a lot that he had huge credit for insisting throughout the '30s that appeasement was a confidence trick. So many politicians had turned tail that we forgave Churchill for clutching at straws to cheer us up. We felt we could count on him. He had what the sociologist Max Weber called charismatic authority—people saw him as special, possessing extraordinary energies and prescience, not bound by rules. Whether he actually had those qualities is not the point. It was how he was perceived.



TODAY, we are mired in a global leadership vacuum. Our poll-driven politicians are in another place altogether from Churchill—he did not have one ear to the ground listening for the tremors of eva-

CONFRONTED MINOR ERROR HE IRONY.



“V” IS FOR EVOCATIVE

Churchill understood and used the power of icons, which is why he often appeared in one of his many military uniforms. Even his stogie conveyed strength, fortitude and defiance.

nescent public opinion as the current crop in the U.S. Congress so dispiritingly do. It was said that FDR played public opinion like a musical instrument, but that was somewhat similar to what Nelson Mandela once described as “leading from behind.” When Hitler marched into the Rhineland in 1936 in breach of two treaties with America, FDR went fishing. That’s understandable. In an era with less polling, FDR sensed that America wanted to stay out of “Europe’s war” and he needed the isolationists in Congress to support his New Deal. But Churchill didn’t lead by subtly guiding public opinion to a better place. In this, he was more like Theodore than Franklin. He believed himself to be a man of destiny.

Like Theodore Roosevelt, Churchill dramatized his romantic self in politics. In 1900, when he was not yet 30, the descendant of the first Duke of Marlborough became the member of Parliament for my parents’ industrial constituency of Oldham on the strength of his exploits as a soldier and writer. He was the young cavalry man with the 21st Lancers who’d charged the Dervishes at Omdurman, the war correspondent who’d escaped a Boer prison camp, and the officer-reporter on India’s northwest frontier who’d come close to death in the Swat Valley that is still making bloody headlines, isolated with a handful of Sikhs who were ambushed by hundreds of Pashtun tribesmen.

He also knew the value of icons. By the time he was prime minister, he was entitled to wear umpteen military uniforms and appeared in all of them. He sported an aggressive stogie, his taste for Havanas acquired while reporting on the Spanish-American war from Cuba. Everywhere he went he flashed index and middle fingers in a V-sign (it would be nice to believe the legend that the gesture derived from English long bowmen showing their arrow-shooting fingers to the French at Agincourt).

When I became a daily newspaper editor in 1962 in the north of England, I wrote to Churchill and asked his permission to depict his adventurous early career in serial drawings, on the basis of his exciting and very funny book, *My Early Life*. He gave it gladly. It was typically generous of him—there was no fee involved. His interpretation of history as acts of heroism, which our drawings reinforced, was an essential element of his genius for leadership; the English language was another. Both skills require further examination, but in the vivid observation of Isaiah Berlin, Churchill’s triumph was rooted in his ability to impose “his imagination and his will upon his countrymen.” He saved the future by invoking a vision of the past that encouraged us to see ourselves as brave as the legends of British history. Churchill had a profound sense that he was at one with the tribe of the ordinary British.

There was a huge gap between popular opinion, which was resolutely with Churchill for fighting on, and the British patricians, who were in a funk over the victories of the German Army on the Continent. In the spring of 1940, it was fortunate that the remnants of the British army, the RAF pilots in the Spitfires and Hurricanes, the Royal Navy destroyers hunting U-Boats in the mid-Atlantic, the machinists working all hours in the factories didn't know that in Parliament and the London clubs the establishment talked not of victory but of surrender.

The British establishment—meaning the senior civil servants and the mainly upper-class Conservative majority in the House of Commons—didn't for a moment believe that victory was possible. They saw no point in a gallant last stand that would destroy their green and pleasant land. And they didn't trust Churchill. They could hardly ignore the fact that his condemnation of appeasement in the '30s had been cruelly vindicated, but they regarded him as a party-changing hot-head with soaring ambition, erratic ability, and too many ideas. Emperor Joseph II may never have said Mozart's *Il Seraglio* had too many notes, but Churchill certainly had more ideas than his exasperated military chiefs could manage. (One he fathered was the floating Mulberry Harbor, which proved vital for sustaining the D-Day invaders. Pressing its importance, he wrote: "Don't argue the matter. The difficulties will argue themselves.")



THE SPOKESMAN for surrender was the "Holy Fox," Foreign Secretary Lord Halifax, a landowner who'd been a moderate appeaser. King George VI would have sent for him to succeed Chamberlain—Tory MPs favored him—but Halifax preemptively demurred on the grounds that he wasn't qualified because he wasn't in the House of Commons. In War Cabinet meetings, Halifax begged for the approval to have Mussolini act as a mediator to secure a negotiated peace with Hitler. It would have meant accepting Nazi dominance of Europe, but Britain could have hoped it would be left alone across the Channel. In just three days—May 26, 27, and 28—there were nine long, tense meetings of the coalition War Cabinet of five men: the Conservatives Churchill, Chamberlain, and Halifax, and Labor Party stalwarts Arthur Greenwood and Clem Attlee. Churchill and Halifax were both battling for Chamberlain's ear, since he still led the Conservatives. Halifax's diary note says that "Winston talked the most frightful rot... it does

drive one to despair when he works himself into a passion of emotion when he ought to make his brain think and reason."

Say this for emotion—it gave him the physical and moral courage to stand fast. The weakness of the defeatists made him more determined. He had made three dangerous trips to France to stiffen French resistance, and ordered a small British force at Calais to fight to the last man to give a chance of escape for the hundreds of thousands fleeing to the beaches of Dunkirk—and then was physically sick at the thought of the slaughter he'd willed. On the evening of Monday, May 27, with the War Cabinet still deadlocked, he called a meeting of 25 ministers of Cabinet rank but not in the War Cabinet. On whether it was chance or a cunning tactic, his memoirs are maddeningly silent, but the effect was profound. "Of course," he told them, "whatever happens at Dunkirk, we shall fight on..." According to one minister, Churchill said, "If this long island story of ours is to end at last, let it end only when each of us lies choking in his own blood upon the ground." That sounds a little purple for Churchill, but it was true to his character to summon images of Britain's mythic history: Queen Elizabeth I and



AT THAT TIME OF SUPREME CALCULATION. MORALE MATTERED

Francis Drake seeing off the Spanish Armada; Admiral Nelson at Trafalgar flag-signaling to his battle fleet that "England expects every man to do his duty"; the Iron Duke Wellington dethroning Emperor Napoleon at Waterloo. Whatever the exact words, Churchill's pronouncement stirred the group. Cheers erupted; ministers shouted and jumped from the table to run to his chair and pat him on the back.

It was very much Churchill's style to march toward the sound of gunfire, but my view is that he had made a calculated gamble that evening, betting that declaring a "fight-on" decision—one that hadn't been declared—would shame the doubters. A buoyant Churchill went from that encounter to a 20-minute War Cabinet meeting. Chamberlain now sided with Churchill; Halifax retreated. There would be no capitulation.



"**MAGNANIMITY** in victory" was a Churchill watchword. As his sympathetic biographer Roy Jenkins noted, it was a breathtaking piece of mendacity for Churchill thereafter to pretend that there had been unanimity in the War Cabinet over the decision to "fight on." He was only 5-foot-5, but he was a very large human being.

He didn't nurse grudges. He wore his heart on his sleeve. When FDR's emissary, Harry Hopkins, made his first visit to London in early 1940, he ended his visit with a memorable speech at a state dinner. He said that he would like to sum up what he'd learned on the trip by using the words from the Book of Books: "Whither thou goest, I will go, and where thou lodgest, I will lodge: thy people shall be my people, and thy God my God." He paused and then added very quietly, "Even to the end." Churchill was in tears. He felt he had FDR at his back.

It's too often said Churchill succeeded by oratory, but oratory without substance is flatulence. President Warren Harding was a grand orator, his alliterative speeches an army of pompous phrases moving across the landscape in search of an idea. Language, to borrow a presidential verb, is a underestimated force in leadership. When Churchill wanted war aid from America, he told FDR, "Give us the tools and we'll finish job." If he'd said, "Donate the implements to us and we will finalize the assignment," he might have received a dusty answer from Roosevelt, himself a master of the telling phrase (he sold the Lend-Lease program to the American public with a homely metaphor of lending a fire hose to a neighbor). Churchill, too, was adept at framing a situation by metaphor so that people would not only understand it, but also be able to adopt it. He invented the language of the Cold War: *An Iron Curtain has descended across Europe. The aim is peaceful co-existence. We must solve our differences at a summit.*

In the memoir of his early life, Churchill attributes his lingu-

Europe sorely misses having someone with Churchill's grand vision. We like to say God is in the details, but if we always look down we are liable to stumble in the weeds, as the euro zone has stumbled in the debt and currency crises of 2011-12. It is 60 years since Churchill campaigned for a United States of Europe. He would have been ardently for closer political union, provided it did not in any way impede Britain's special relation with the United States (after all, his mother was born in Brooklyn and the United States had made him an honorary citizen). He recognized full well that closer economic and military cooperation in Europe necessitated "some sacrifice or merger of national sovereignty." I think he would have distrusted the embrace of austerity for the masses as he distrusted the British establishment's appetite for a return to a new gold standard in 1925. When I recently visited the current young Chancellor of the Exchequer, Mr. George Osborne, we talked in the paneled room where Chancellor Churchill heard out the arguments, but his best contribution was a minute he wrote: "The Treasury has never, it seems to me, faced the profound significance of what Mr. Keynes calls 'the paradox of unemployment amidst dearth,'" he wrote. "The Governor [of the Bank of England] shows himself perfectly happy in the spectacle of Britain possessing the finest credit in the world simultaneously with a million and a quarter unemployed. Obviously if these million and a quarter were usefully and economically employed, they would produce at least 100 pounds a year a head, instead of costing at least 50 pounds a head in doles.... It is impossible not to

PERIL, INSPIRATION WAS MORE RELEVANT THAN MORE THAN ARITHMETIC.


tic skill to flunking Latin at school. He saw no reason to learn the correct way to speak to a table (O Mensa). "Thus," he wrote, "I got into my bones the essential structure of the ordinary British sentence—which is a noble thing." He had devoured Gibbon and Macaulay. One of his most famous passages, written out like a poem in the original, bears scrutiny for its monosyllabic simplicity and rhythmic insistency. Just before the fall of France, speaking in Parliament, he summoned up the spirit of St Crispin's Day: "We shall not flag or fail. We shall go on to the end. We shall fight in France, we shall fight on the seas and oceans, we shall fight with growing confidence and growing strength in the air. We shall defend our island, whatever the cost may be, we shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills. We shall never surrender and even if, which I do not for a moment believe, this island or a large part of it were subjugated and starving, then our Empire beyond the seas, armed and guarded by the British Fleet, will carry on the struggle, until in God's good time, the New World, with all its power and might, steps forth to the rescue and the liberation of the Old."

Only words—but as he once remarked, "words are the only things which last forever."

regard the object of full employment as at least equal, and probably superior, to the other valuable objects you mention..."

Churchill ultimately bowed to the overwhelming weight of conventional wisdom—with disastrous results for Britain in deepening the gathering storm of the Great Depression.

He is portrayed so often as the indomitable war leader that one might forget that what he desired above all was peace and freedom. He considered Britain's 1956 invasion of Suez "the most ill-conceived and ill-executed imaginable." He thought he could have ended the Cold War in a face-to-face summit with the top Soviet leader—"To jaw-jaw always is better than to war-war." He was appalled that U.S. President Dwight Eisenhower even for a moment considered using the H-bomb in Indo-China in the '50s. He would have been stalwart after 9/11 in taking out the Taliban and al Qaeda, but he knew too much about Afghanistan to have been sanguine about any prolonged military involvement there, and with his deep personal experience of what war meant, I doubt he would have backed the invasion of Iraq as one of his successors, Tony Blair, did so eloquently.

"The statesman who yields to war fever," Churchill wrote, "must realize that once the signal is given, he is no longer the master of policy but the slave of unforeseeable and uncontrollable events." 

Winston Churchill's most famous words will resound at the Morgan Library, New York City, from June 8 through September 23 in an exhibition, "The Power of Words," curated by Declan Kiely and Allen Packwood, with guest curator British historian Andrew Roberts.



Diplomacy

HILLARY


by Susan B. Glasser

V



A coalition of the jet-lagged. Secretary of State Hillary Clinton arrives in Paris on April 19—by way of Colombia, Brazil, and Belgium—to attend a Friends of Syria meeting. Ten days later she was off to China.





Secretary of State **Hillary Clinton** was talking about one of her heroes, the Burmese dissident Aung San Suu Kyi, a longtime human rights icon lately turned into a parliamentary powerbroker.

“She could have been on a pedestal her entire life,” said Clinton, “but she wants to be in the real world and see if she can make a difference.” We were sitting in Clinton’s suite, high above the Beijing skyline, after a frantic week of diplomacy to secure the release of a blind Chinese lawyer who sought American protection, when I asked Clinton to reflect on the perennially tough set of choices she faces between the human rights advocacy that means so much to her and the pragmatic politics that is often required of a hard-headed American secretary of state.

Instead, Clinton chose to answer by recalling an emotional three-hour meeting she recently had with Suu Kyi, who won a Nobel Peace Prize for her brave defiance of the military junta that kept her in prison and under house arrest for most of the last two decades and then made a surprising shift to politics this year, deciding to cooperate with the reforms of Burma’s new leader. What a psychic journey that has been, marveled Clinton, a transition “from this icon-advocate to now sitting in the parliament with men who she knows have blood on their hands.” The journey is all the more remarkable, Clinton said, because “politically now she cannot be immune from the criticism that will come because she is playing a political role.”

She was right, of course, but the more Clinton waxed on about Suu Kyi, the more I thought that she was also talking about herself—a celebrity first lady with a troubled marriage who could have chosen to opt out of poli-

tics entirely but instead launched a whole new career as an ambitious United States senator turned combative presidential candidate before morphing yet again over the last few years into the most globetrotting top diplomat in American history. “When I was first lady,” recalled Clinton, “I could say anything I wanted to say, and I often did.” Here she stopped for one of her trademark deep laughs before adding, “for better or worse.” It’s a laugh that makes her very human—and also one that immediately calls to mind the many controversies of Clinton’s long career. Remember “the vast right-wing conspiracy” that was out to get her husband during the Monica Lewinsky scandal? And her defiant taunting of Barack Obama during the 2008 primaries, when she said her future boss wasn’t nearly experienced enough to take that 3 a.m. phone call?

Now Clinton has a different role and a different set of dilemmas: If she speaks too forcefully about human rights, she’ll be chided for letting wild-eyed activism get in the way of America’s economic interests. But if she fails to bash the Chinese over their harsh treatment of dissidents and brutal suppression of free speech, then she’ll be called a sellout. Her shape-shifting career guarantees that Clinton will be criticized at every turn, but it also gives her the opportunity, as she notes about Suu Kyi, “to put into practice everything she’s been thinking about and working on her entire adult life.”





Good Morning Burma. On November 30, 2011, Hillary Clinton became the first United States secretary of state to visit Myanmar in more than 50 years.

H



illary Clinton has been an inescapable American public figure for more than 20 years now. She's so famous that the tabloids still put her on the front pages when she changes her hairstyle, or when she appears in public without makeup or takes her staff out for a beer in Cartagena, Colombia. Now in a whirlwind final year as secretary of state, Clinton has become the most popular politician in America—with approval ratings standing in the high 60s—and she is increasingly celebrated as a class act who has managed to reinvent herself from losing presidential aspirant to world-class problem solver. A bad-ass photo of her in sunglasses from *Time*, wielding her BlackBerry like a power tool, recently went viral on the Internet. The picture even spawned a popular Tumblr site of what purported to be “Texts from Hillary,” in which the putative secretary of state offered sharp witty comments on photos of other famous people. (Mitt Romney asking, “Advice?” Clinton replying: “Drink.”) The old Hillary wouldn't have known what Tumblr was, or would have feared she was being mocked by it. The new

Hillary submitted some joke texts of her own to the site's twenty-something creators, signing them, “Thanks for the many LOLZ. Hillary ‘Hillz.’”

All this publicity has inevitably given rise to a new round of the old Clinton parlor game: Will she run in 2016? Although Clinton will turn 69 on the eve of the next presidential election and has said she's leaving the Department of State exhausted after two decades in the public spotlight, no denial is likely to put such speculations to rest.

Despite all the hoopla, what's most striking about the current Hillary boomlet is how little it's based on substance. Few Americans have any idea what Clinton's been up to as secretary of state, or even what a secretary of state is supposed to do. It's a paradox: Clinton is more popular than ever, widely acclaimed for her performance in a job when no one knows what she's actually done.

In the rarefied circles of the Washington foreign policy establishment, where they've been paying closer—if occasionally bemused—attention, Clinton gets big points for style and for taking her brand of “people-to-people” diplomacy international at a time when America desperately needed just her kind of star power to revive an image tarnished by eight years of George W. Bush's

cowboy diplomacy. But aside from that, as one of Washington's mandarins put it to me recently, in one of numerous nearly identical conversations with various leaders of the international affairs set: "What has she done?" The old poobah reeled off a long string of Important Global Issues, from Middle East peace to negotiating a political end to the long-running war in Afghanistan, from which Clinton appears to have been sidelined by the Obama White House, or is simply out of the picture.

To the traditionalists, Clinton is something of a puzzle. Clearly she's a success in the "soft power" department, a relentless cheerleader for Brand America. But they can't help disdaining her focus on issues like women's rights and development economics—surely not the stuff of real diplomacy—and they see her attention to them as proof of how marginalized she's been by the Obama White House on the geopolitics that count. And it's true that if you travel with Clinton, every trip will include a seemingly endless procession of talking-points-ridden events at which the secretary smiles and nods while promoting cut-rate cookstoves for the developing world or hailing the work of women's empowerment initiatives. The members of her traveling press corps roll their eyes; her exhausted aides barely look up from their battered BlackBerry. But there she is, smiling and chipper.

Which is why it's so striking to talk to Clinton away from the perky photo ops and anodyne press conferences. She may be relentlessly on message, but she's no automaton. Ask anyone who's watched her work backstage politics on the global stage these last few years, and they'll tell you the same story: Clinton is an adept behind-the-scenes operator, a tough negotiator not afraid to play the bad cop—or to make fun of the macho posturing of her many tough-guy interlocutors.



W

hen I met Clinton in Beijing, it was clear she saw her job as a nearly endless series of negotiations over what she wanted to get done and what she could actually accomplish. Nearly every person I spoke with for this article called Clinton a pragmatist, a doer, a person who likes to make things happen. Diplomacy is not always a great fit for such people. Grand, sweeping deals that change the world with the stroke of a fountain pen are in short supply these days. It's been 40 years since Henry Kissinger secretly flew into Beijing to open talks with the Chinese—and besides, as Clinton herself noted recently, can you imagine Kissinger getting away with secretly flying off from Pakistan to China and simply disappearing from the public radar for two days? Such clandestine diplomacy is just not possible in the age of Twitter.

So Clinton has had to content herself with a different set of accomplishments. She has played the hand that she, and the president who drafted her for the job, were dealt. For both Clinton and Obama, that has meant transitioning fairly rapidly from the idealistic promises Obama made on the campaign trail, when he op-

ALL THIS PUBLICITY HAS INEVITABLY GIVEN RISE TO A NEW ROUND OF THE OLD CLINTON PARLOR GAME: WILL SHE RUN IN 2016?



timistically vowed to open direct talks with enemies such as Iran and North Korea, make a major push on a long-term peace deal between the Israelis and the Palestinians, and forge new global diplomacy on climate change—all while winding down the American-led wars in Iraq and Afghanistan, closing the Guantánamo Bay prison, and addressing other lingering excesses of George W. Bush's "global war on terror."

Needless to say, it wasn't at all clear at first how Clinton would factor into that ambitious list of goals. Obama had personally invited her into his cabinet after the election, a move that was greeted with suspicion by many of his campaign insiders still wary from their bitter primary battle. Clinton herself was a novice in international affairs. She had no background in diplomacy, spoke no foreign languages, and was widely derided during the presidential campaign for claiming that her international trips as first lady qualified her as a bona fide national security expert. Plus, she would be dealing with a White House National Security Council that quickly earned a reputation as hyper-controlling.

From the start, she appeared to be marginalized, especially after Obama named a series of czars designated to handle most of the toughest issues of their shared agenda—diplomatic heavy hitters like her old friend Richard Holbrooke for Afghanistan and Pakistan, seasoned envoy Dennis Ross for Iran, and former Senate Majority Leader George Mitchell for the Mideast peace talks. Even some of her advisers told me it was a steep learning curve—the carefully calibrated language of diplomacy, said one, was a "language she wasn't fluent in." Besides, Clinton was still personally reeling from the embarrassing 2008 defeat. Not only had she squandered a frontrunner's lead, and more than \$13 million of her and Bill's hard-earned money, but sordid accounts of her campaign's self-destructive infighting and poor management seemed to reflect directly on her leadership abilities. As a result, Washington was primed and ready for the fireworks to start as soon as Clinton and Obama took office in January 2009.

The explosion never happened. Three and a half years later, there have been remarkably few accounts of feuding between Obama's White House and Clinton's State Department—and virtually none between the president himself and his celebrity diplomat. Even so, no one even attempts to claim that Clinton and

Obama have forged anything other than a solid professional relationship. If there's an inner circle of Obama decision-making, Clinton is not in it. And the optimistically ambitious foreign policy agenda of early 2009 has inevitably collided with reality; long since jettisoned are many of the early ideas about reshaping the world for the Obama era—from talking directly to Iran's ayatollahs to forging a durable Mideast peace built on an American-led push to end Israeli settlements in the West Bank. On the campaign trail, Obama has transformed himself instead into an unlikely tough guy, emphasizing his decision to launch the risky special ops raid that killed Osama bin Laden (which Clinton supported), as well as his moves to draw down the American presence in Iraq and Afghanistan. (Clinton and then-Defense Secretary Bob Gates argued in favor of Obama's 2009 troop surge.)

For her part, Clinton tends to tout a list of accomplishments that are somewhat short of transformative, if still substantial—from

ten replies by saying she has to do it all. She has to watch, as she puts it, “the trend lines and the headlines.”

W

hen I met not long ago with one of Clinton's top deputies, he reflected on the different models America has had for its secretaries of state in recent years. There's the global statesman, like Henry Kissinger, and the presidential confidant, like James Baker or Condoleezza Rice. Some secretaries

of state play an inside game, like Colin Powell, who was widely popular with the foreign policy bureaucracy for his perceived willingness to stand up for the professionals and his insistence on bringing the stodgy department into the information age. (Incredibly, Powell, in 2001, was the first secretary of state even to have a computer on his desk.) Others, like her close friend Madeleine Albright, are known for their swagger on the world stage.

By those standards, where does Hillary Clinton fit in? This adviser was one of several who pointed out that Clinton is the first secretary of state to have gone directly to the job from the U.S. Senate since the brief tenure of Edmund Muskie, during Jimmy Carter's presidency. In many respects, Clinton remains a politician, both in terms of “connecting the dots with American audiences about why foreign policy and national security policy matters,” as a top career diplomat put it, and in her relationship with other world leaders

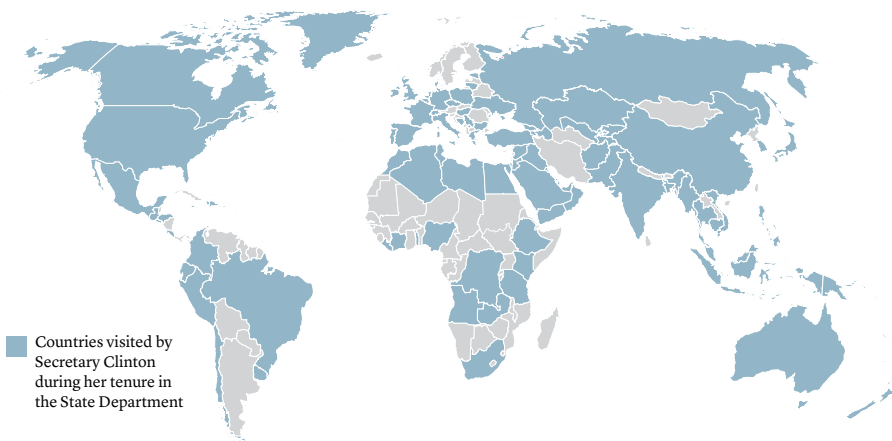
—politicians with whom she does not hesitate to discuss what they really care about: the acquisition and maintenance of power.

Several times during our interview, Clinton returned to this theme. Whether or not she runs again in 2016, it's clear that she has never stopped thinking of herself as a politician first and foremost. This came through very clearly when I listened to her interrupt the story about Aung San Suu Kyi to speak about her own trajectory from first lady to first diplomat. As first lady, Clinton said, when she spoke out, “some of it was strategic and part of my husband's agenda, and some of it was just what I thought and felt and strongly believed. When I was a senator, I had to represent the people of New York but I also got to be an advocate on their behalf and on behalf of the issues and interests that they had. And so I feel,” she continued, “like the roles that I have been playing and the outcomes that I'm seeking require different tactics all the time.”

The point was nuanced, a consummate politician's answer, and one that inevitably provokes a question: Just what will be Hillary Clinton's next role? 🍷

Spanning the Globe

Hillary Clinton lives out of a suitcase. As secretary of state she has logged more than 800,000 miles, visiting at least 96 countries. Total days on the road so far: 320



All figures as of May 2012. Source: U.S. State Department

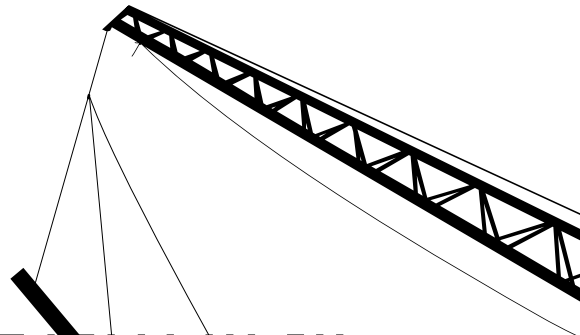
her leadership in pushing a strategic “pivot” to Asia, announced last fall in an article for *Foreign Policy*, to the extensive personal diplomacy she poured into quickly mobilizing the NATO coalition that launched air strikes to topple Libyan leader Muammar al-Qaddafi. More broadly, if less tangibly, she has put new emphasis at a time of global financial crisis on the role of what she calls “economic statecraft,” including the appointment of the State Department's first chief economist. She has launched a major reboot of American development efforts modeled on the Pentagon's quadrennial strategic reviews and has called for an “Internet freedom agenda” that would mobilize new technology on behalf of democracy activists and dissidents the world over, an agenda that has seemed both problematic—bad guys have these tools too—and prescient in anticipating the technology-fueled protests that swept the Middle East during last year's Arab Spring.

Then there's managing her in-box, where never a day goes by without some new global headache being added to the mix, a headache that will inevitably require a Clinton phone call, or a meeting, or a flight halfway around the world after having just gotten off a plane. Asked how she approaches the job, Clinton of-



Tall Orders



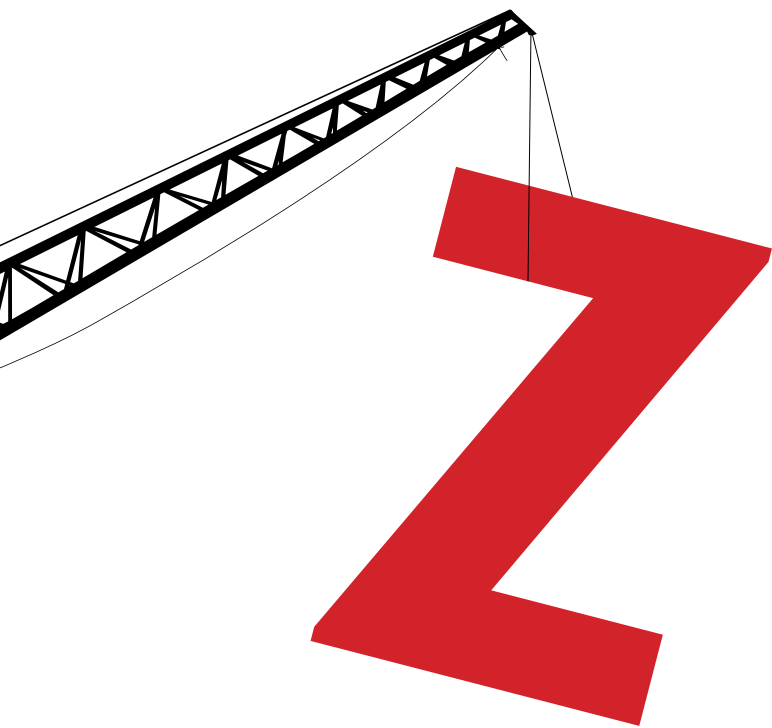


THE MADE-IN-CHINA CEO

► ILLUSTRATIONS BY EDEL RODRIGUEZ

by Terril Yue Jones

A BOLD NEW BRAND OF CEO IS PUSHING THE CHINESE ECONOMY INTO THE STRATOSPHERE. EXHIBIT A IS **ZHANG YUE**, WHO HAS NOBLE GOALS AND GRANDIOSE AMBITIONS THAT INCLUDE BUILDING A VERTICAL VERSION OF THE GREAT WALL



ZHANG YUE FONDLY CARESSES THE BLUEPRINTS AS HE SLOWLY FLIPS through them, occasionally pausing to stare at a drawing as he explains his new project. The plan seems impossibly ambitious: build a 220-story building, the tallest in the world, in just four months by using the rapid-construction techniques his company has developed. Zhang, a slight but wiry and intense man of 52, says “Sky City”—as he has dubbed it—can fix many of the world’s pollution, congestion, transportation and even disease problems by completely purifying the tower’s air. The 838-meter-tall building (10 meters taller than the Burj Khalifa in Dubai, currently the world’s tallest) will hold schools, a hospital, 17 helipads and some 30,000 people. It will, indeed, be a city in the sky.

His dreams don’t stop there. Pinned up on his office wall are plans for a project even more audacious—an almost preposterously massive building two kilometers high. When asked to estimate the odds of this 636-floor giganto-scraper ever being built, Zhang responds without hesitation, “One hundred percent! Some say that it’s sensationalism to construct such a tall building. That’s not so. Land shortages are already a grave problem. There’s also the very serious transportation issue. We must bring cities together and stretch for the sky in order to save cities and save the Earth. We must eliminate most traffic, traffic that has no value! And we must reduce our dependency on roads and transportation.”

Tenaciously pursuing a lofty vision is a hallmark of Zhang’s success at Broad Group, but also that of many entrepreneurial Chinese chief executives in these days of heady growth in the world’s second-largest economy. The recipe for success for all these CEOs includes: 1) the vision and guts to seize upon a bold, even outlandish idea; 2) a relentless drive to build a com-

pany; and 3) an outsized ego to drive the process and overwhelm the skeptics.

Chinese founder-CEOs such as Zong Qinghou of drinks-maker Wahaha (until last year China’s richest citizen), automaker Geely CEO Li Shufu, and Huawei chief Ren Zhengfei all have compelling, almost mythic personae that color most facets of

LAST DECEMBER, ZHANG ERECTED A 30-STORY HOTEL IN JUST 15 DAYS.

their companies. “In these entrepreneurial firms, the products and services are the passions of the founder,” says Chris Marquis, a professor of organizational behavior at Harvard Business School who studies Chinese business executives. “They were employee No. 1, and now have hundreds of millions or billions of dollars in sales, and thousands of employees. These

CEOs have been there every step of the way, and their vision has been what’s driven the company.”

These entrepreneurs are all known for thinking big... and then bigger. Zhang Yue’s Very Big Idea is to save the world by conserving energy, reducing congestion and pollution, and making homes and offices much more healthful places by purifying stale air he says is responsible for 68 percent of human illnesses. “Each era had an issue of its time; each era had a mission of its time,” Zhang says in an interview in his headquarters on the outskirts of Changsha, the capital of south China’s Hunan province. “Our era’s problem is not productivity and it’s not wealth. It’s not even politics or democracy. In society today—including China and all the countries of the world—we’re facing the increasingly grave problem of environmental pollution.”

Zhang, who ranks No. 186 on the Hurun Report of wealthiest Chinese, built his estimated \$1.19-billion fortune on industrial cooling systems and air conditioners. He started his company on the back of some

GREEN PROFIT MACHINE

Zhang walks it like he talks it: The lights in his office are dimmed, he drives a smart car, and has only one child. He constantly preaches environmental awareness to his employees, and all his buildings are earth-friendly.



changing ideas, prefer not to rock the boat, and would find the appellation “disruptive”—one embraced by so many western CEOs—to be anathema. “This kind of career path tends to be more system-oriented, in pursuit of steady growth for the organizations,” says Katherine Xin, a professor of the China Europe International Business School in Shanghai. “They are more attuned to government policies, to the political, geopolitical environment. These CEOs tend to be promoted through a well-established ladder of career-path, step by step.”

China Construction Bank, the world’s second-largest lender by market capitalization, illustrates the SOE model well. Recent Chief Executive Guo Shuqing had stints as vice governor of Guizhou province and as China’s foreign currency regulator, and was appointed last year to become head of China’s stock market regulator. His favorite saying is, “Listen to both extremes and take the middle course,” reflecting his desire to please as many people—and irk as few—as possible.

patents for non-electrical air conditioning, and later expanded into industrial-strength chillers and air purification systems that have been installed in Madrid’s airport, a U.S. military base, and throughout Europe and the Americas.

The devastating 2008 earthquake in Sichuan province that left more than 87,000 people killed or missing was a turning point for him. Horrified at the widespread collapse of buildings, including many shoddily built elementary schools, he set out to design safer, environmentally sounder buildings. He realized that by prefabricating building-floor slabs with pipes and wires built in, ready to be connected once modules are in place, buildings could go up much faster, and with only 1 percent of materials discarded as waste. Last December Broad Sustainable Building, his construction unit, erected a 30-story hotel in Hunan province in just 15 days. (A time-lapse video of the build has notched almost 5 million views online.) Zhang next plans a 50-story building, and perhaps a couple more with 30 floors while he drums up funding for Sky City 220. He’s also hoping

to set up franchises so such buildings can go up anywhere; he has seven in China so far, and is aiming for 150 around the world.



CHINA’S OLD-SCHOOL CEOs

BROADLY SPEAKING, THERE ARE TWO types of chief executive in China. The traditional one is the bureaucrat head of one of the traditional state-owned enterprises (SOEs)—mammoth, lethargic behemoths, often monopolistic, including the telecoms operators, banks, insurance companies, oil and steel producers. Their leaders are generally intelligent and capable managers, but most are Communist Party stalwarts who have served quietly in local and central government agencies or ministries.

They are generally not looking to shake things up. They don’t have any game-



THE NO-SCHOOL CEOs

A NEW BREED OF CHINESE CEO HAS sprung up in the wake of China’s economic reforms since the 1990s. Entrepreneurial CEOs in China share few personality traits or management techniques with those SOE CEOs. They are keen to innovate and seize opportunity, are eager to leave a legacy, and are legendary for their tenacity. Wahaha’s Zong leapt at an opportunity to develop a market presence in the beverage business. Establishing a distribution channel deep into China’s countryside to supply remote towns with Wahaha products was one of his biggest accomplishments. He is also renowned for his persistence, and his willingness to delegate to his talented staff.

Many of these entrepreneurial Chinese CEOs were hardscrabble businessmen who started making and/or selling products on a small scale—furniture, real es-

Business Advice From Chairman & CEO Mao

SCATTERED BETWEEN APHORISMS ABOUT CLASS WAR AND INSURRECTION IN THE LITTLE RED BOOK ARE VALUABLE TIPS FOR CAPITALIST LEADERS.



down at once, there is no melody.

“Grasp firmly” One can get a grip on something only when it is grasped firmly, without the slightest slackening. Not to grasp firmly is not to grasp at all. Naturally, one cannot get a grip on something with an open hand

“Have a head for figures” That is to say, we must attend to the quantitative aspect of a situation or problem and make a basic quantitative analysis.

What is work? Work is struggle. There are difficulties and problems in those places for us to overcome and solve. We go there to work and struggle to overcome these difficulties

Place problems on the table Do not talk behind people’s backs. Whenever problems arise, call a meeting, place the problems on the table for discussion, take some decisions and the problems will be solved.

Don’t wait until problems pile up and cause a lot of trouble before trying to solve them. Leaders must march ahead of the movement, not lag behind it.

Learn to “play the piano” In playing the piano, all ten fingers are in motion; it will not do to move some fingers only and not others. However, if all ten fingers press

As for criticism, do it in good time; don’t get into the habit of criticizing only after the event.

The Eight Points for Attention are as follows:

1. Speak politely.
2. Pay fairly for what you buy.
3. Return everything you borrow.
4. Pay for anything you damage.
5. Do not hit or swear at people.
6. Do not damage crops.
7. Do not take liberties with women.
8. Do not ill-treat captives.

tate, auto-parts—and added bits and pieces along the way. That’s how Du Kerong, head of Tianjin-based Xinmao Group, built his closely held conglomerate. He started with a construction materials company which evolved into a real estate firm and eventually into the Xinmao Group, which today employs more than 30,000 and has more than 100 subsidiaries in real

estate, construction, hotels, fiberoptics, software and other high-tech fields. The charismatic but fiercely private Du sprang to prominence in late 2010 when he made a billion-euro offer for a Dutch cable manufacturer, muscling in on an all-European deal that had already been agreed upon. His bid failed, but it exemplified the style of this new strain of Chinese CEO—brash

and flush with cash and ambition, but inexperienced outside of China.

“They are very sensitive to their environments, very alert to new opportunities and extremely flexible to pursue these new opportunities,” says Xin. “And one of the most important characteristics is that they are very pragmatic: ‘Whatever works.’”



STEVE JOBS IN A SMART CAR

IN HIS WORK AND IN HIS PERSONAL LIFE, Zhang Yue seems to have a desire to comprehend everything. Back when he was an art student he wanted to understand Leonardo da Vinci’s *Mona Lisa*. An instructor told him that to do so, he would have to paint it himself. So he did.

He is a hands-on manager. “Zhang Yue is really passionate about the research and design of the products, and creating objects,” says Harvard’s Marquis. “It’s about the ability to create these different products that have driven him. ... That’s what he saw as his big role—interacting with designers.” Marquis knows that makes Zhang sound like the late Steve Jobs, and he thinks it’s a fair comparison. Zhang preaches an altruistic, almost ascetic life, and he is a sage and paternal figure to his workers, offering free dorm-rooms and cafeteria food for all. Employees wear white shirts and dark pants, and everyone’s nametag bears a motivational slogan, such as “Innovate Life Now.” Zhang’s ID card says, “Wanshen Ziwo” (“Perfect Oneself”).

The honor code rules at Zhang’s corporate campus—Broad Town, where some 1,000 of his 4,000 employees work. The supermarket register is unmanned; people swipe payment cards. Dorm-room doors are always unlocked. All employees are expected to abide by guidelines laid out by Zhang in a booklet called *Life Attitude of an Earth Citizen*. Tenets in the book include, “Whenever possible, travel by bicycle or public bus,” and “Unless absolutely necessary, do not fly.” Broad em-

employees are urged to use energy-efficient lightbulbs, buy more local and less packaged and frozen food, and “Most importantly, only have one child. This will allow our population to return to a level that the earth can bear.”

Zhang leads by example. He and his wife have one son, who graduated last year from Carnegie-Mellon University in Pennsylvania. Zhang lives on campus and drives a tiny Smart car—gas-guzzlers are scorned at Broad Group. “We have to transform!” he explains. “If China continues down this path, by 2030 it will look just like the U.S. Practically everyone will have a car, and China’s farmland will all be parking lots and highways.”

Asked what appeals to him about Western business management techniques, Zhang scoffs. “I’m not going to talk management,” he says. “Listen to me: Everyone must learn integrity, to be an honest person. If people are honest you don’t need to manage them. Where people are the most dishonest is concerning the environment. It’s the over-consumption problem.”

That explains his war on waste. Life Attitude of an Earth Citizen includes exhortations not to buy disposable products or books or newspapers that will be quickly discarded. Wasting food is a cardinal sin. One employee ruefully recalls being fined 200 yuan for not finishing his dinner—his picture was also posted in the cafeteria and he was banned from eating there for two days.

Employees say all these rules have made them more conscious of conserving soap, recycling plastics and shying away from taxis. “We need to adopt rules, but it’s good for me, like to save hot water, save energy, be honest,” says Charles Qiang, 26, who has been working at Broad for three years. “I could learn how to be a man, and how to be a gentleman.”

Office lights are turned off during lunchtime, so any employees who stay at their desks must work by natural light. Those desks, as well as the office shelves, are made of wood recycled from the boxes in which Broad Sustainable Building receives copper tubing from Japan. Zhang’s office is dim, with remote-controlled curtains that block heat-creating sunlight and the lights are off. He frequently checks an air-purity monitor built into a cellphone his company



“THAT’S PRECISELY WHAT I WANT TO DO: BREAK WITH CONVENTION—OUTRAGEOUSLY, WITHOUT COST, WITHOUT RISK!”

developed. Broad’s systems purify 100 percent of a building’s air, and Zhang proudly shows visitors that the particulate matter is extremely low there. He has a large floor-model purifier in his office in addition to the central air purification—perhaps because he chain-smokes Kent cigarettes.



STATUES FACING WEST

THE RECENT STEVE JOBS BIOGRAPHY IS still displayed in bookstores in China and touted on the occasional bus stop ad, but Chinese executives rarely look to the West for business philosophy. Japanese executives revere the teachings of quality master W. Edwards Deming and management guru Peter Drucker, but there are no such widely admired figures among Chinese executives.

Zhang, however, has studied the great writers and intellectuals of Western culture, and in Broad Town he has erected 43 statues honoring some of his favorites. Confucius, Aristotle, Socrates, Plato and Pythagoras stand with Abraham Lincoln, Winston Churchill and Robespierre near Broad’s Versailles Palace-like Economic Management Institute. Also on pedestals are inventors da Vinci, James Watt and the Wright brothers. There is the Chinese poet Li Bai, as well as—Balzac and Shakespeare. Napoleon and Deng Xiaoping stand vigil nearby, as do Alfred P. Sloan, Jack Welch and inventor/consultant Frederick Winslow Taylor. “Sloan, and Taylor, and Jack Welch were good; they empha-

sized management efficiency,” Zhang says. “I think these American and European management experts made contributions to man’s productivity. That’s why I included them.”

Zhang hopes the monuments that live on after him will be structures of a different kind. Can those monster sky cities really be built? Could they withstand a 9.0 earthquake? “My guess is that it probably is possible,” says Steven Moore, professor of sustainable design at the University of Texas. “But what’s missing from this conversation is a civil-society conversation about how it is that we really want to live, and what will it take technologically to do that. Just because we can build two kilometers [up] doesn’t mean we should.”


Zhang insists that his towering towers are the solution to Earth’s converging crises of land, overpopulation, pollution and transportation. “Many people will hesitate, and say, ‘You broke free from convention, but you’re taking on how much risk and at what cost?’” he says. “No! That’s precisely what I want to do: break with convention—outrageously, without cost, without risk. Everything Broad does is breaking with convention. My buildings will be extremely stable, as solid as a mountain.”

Perhaps it is not surprising that in this land where emperors long ago did the seemingly impossible by building the Great Wall over thousands of miles of rolling mountain ranges that another Chinese leader plans even more extraordinary monuments in another direction—up, instead of out. If Zhang Yue’s Sky Cities are erected, they will be the towering legacy of a CEO whose ambition was not to keep the world out, but rather to save it from itself. 🌟

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Investing



MARC
ANDREESSEN
INVENTED
THE
INTERNET
AS WE
KNOW IT.
NOW HE'S
TRYING TO
REINVENT
VENTURE
CAPITAL.

Killing

Them

Softly

by Jonathan Weber



AS THE EMBODIMENT of all that is great and good about Silicon Valley, Marc Andreessen is surprisingly unassuming. He is the earnest, clean-cut Midwestern boy made good, the state school grad who built a better mousetrap—the Web browser—and saw the world beat a path to his door. If being on the cover of *Time* magazine at age 24 ever went to his head, he didn't show it. Andreessen simply did what great entrepreneurs are supposed to do: start new companies, again and again. His subsequent ventures never achieved the notoriety of his first, Netscape Communications, but they put to rest any suspicions that his early triumph was a fluke.

Over the years, Andreessen has earned great respect around Silicon Valley as a true visionary who understands where the technology world is going. He sits on the board of leading companies such as Facebook, Hewlett-Packard, and eBay, and serves as a mentor to up-and-coming entrepreneurs, notably Facebook CEO Mark Zuckerberg. And he's a nice guy to boot, unpretentious and always excited to engage intellectually on technology, finance, company creation, and just about any other topic. What Andreessen has not done, though, is the one thing required for admission to the top tier of the Silicon Valley pantheon: build and lead a great company that defines the technology landscape for generations. Think of Apple, Hewlett-Packard, Intel, or Microsoft, and you will also conjure up the names that head any list of great technology industry leaders: Steve Jobs, Bill Hewlett, David Packard, Bob Noyce, Andy Grove, Gordon Moore, and Bill Gates.

Andreessen's response to such observations is that he has no desire to run a big company. "I'm not psychologically wired for it," he says. "All the people and process aspects of it, I can force myself to do but I don't really like. When I was in management I never really loved it. I found it very stressful." But even though he might sometimes claim to like nothing better than curling up with a good book, Andreessen still has big goals. One might even say he is out to show that the very particular type of Silicon Valley role-player that he embodies—the entrepreneurial technologist whose strength is vision rather than management—can be just as influential as the Fortune 500 CEO.

The vehicle of his ambitions is a venture capital firm, Andreessen Horowitz, which he launched in 2009 with his longtime collaborator, Ben Horowitz. In less than three years, Andreessen Horowitz has shaken up the venture world by raising \$2.7 billion and adopting an unconventional approach that includes big, expensive bets on relatively mature companies like Facebook and

Twitter, along with a startling volume and variety of smaller deals. Venture investors play a singular role in the unique business culture of Silicon Valley, and the great ones are powerful and revered figures in their own right. But Andreessen Horowitz aspires to create a new type of venture firm, one that puts the technical founder in the driver's seat and provides a host of services beyond mere dollars.

As with any startup, success is hardly assured. It's rare that new firms break into the top tier of venture capital, and rivals grumble that Andreessen Horowitz is moving recklessly fast and will never be able to generate the fat investment returns that the blue-chip venture firms often achieve. The specter of the great dot-com bust of 2000 also looms large. For now, though, Andreessen is in his element, indulging his endless intellectual curiosity even as he orchestrates deals and proselytizes about how "software is eating the world." With Horowitz, he has an intimate business partnership that, by all accounts, is exceptionally effective. He works near Stanford University, out of a gleaming office complex on Sand Hill Road that was built by his wife's father, a prominent real estate developer. (His wife, Laura Arrillaga-Andreessen, teaches philanthropy at Stanford and is the founder of two nonprofits; the family foundation is just next door.)

"When we started this, people asked, 'Why are you shifting to the dark side—why not start another company?'" Andreessen recalls. "It feels like I've been in training my whole career to do this. I don't think I'd be qualified to be an investor if I hadn't spent the last 20 years trying to build these companies myself."



AT 6 FEET, 5 inches tall, with a gleaming bald pate, Andreessen has a commanding physical presence, but his personal style is anything but domineering. His default demeanor is cheery and chatty; he carries his fame lightly and doesn't much like to talk about it. What he does like to talk about, though, is his philosophy of entrepreneurship and his detailed theories about the nature of Silicon Valley and what's necessary for a startup company's success.

Andreessen begins a long conversation one recent afternoon by recalling a seminal story about the early days of Silicon Valley, an *Esquire* magazine article by Tom Wolfe entitled "The Tinkerings of Robert Noyce." "When I discovered that piece it was really eye-opening to me," he recalls. "It was the story of the Midwestern values transplanted to California." In his rapid-fire speaking style, he lists the Midwestern virtues—practicality, self-reliance, hands-on work, egalitarianism—and then the promise that California represented for someone raised in that culture. "Califor-

nia, a new frontier, new horizons, entrepreneurship, the gold rush, we can do anything, we can create things from scratch, we don't have to be held back by the conservatives in the rest of the country—for 150 years people have been coming to California to do new things.” He notes that Philo Farnsworth, the inventor of television, was also a Midwestern boy who moved to San Francisco to change the world. “When I read about those guys I see a lot of myself. I came to California and I was like, wow, you can do a lot more here. What you don't learn in the Midwest is that you can really have an impact.”

Andreessen's move west is a well-known tale. He'd studied computer science at the University of Illinois at Urbana-Champaign and led the group that created Mosaic, the first real Web browser, a software program that made the then-nascent Internet relevant for the masses. Upon graduation, he went to Silicon Valley to look for a job, and fielded a handful of inquiries from top-tier technologists who recognized the possibilities in what he had done. One of those who got in touch was Jim Clark, founder of computer graphics pioneer Silicon Graphics, and before long the Young Turk and the wizened industry veteran had joined forces to start Netscape.

The launch of Netscape in 1994 marked the beginning of the Internet era as we know it, but it's easy to forget that little of what happened subsequently was foreseeable. Big telecom, media, and software companies thought the Internet was, at best, a useful utility for scientists. The incipient “information superhighway” would be a closed system that they would control. “Interactive television,” to be delivered by the cable companies, was all the rage. “Everybody thinks the Internet was obvious, but that was not the case at the time,” says Horowitz, who first met Andreessen at Netscape. “Nobody saw it coming. But Marc saw it as a college kid, and figured out how it would become mainstream.”

Andreessen says his personal goals were clear enough: “I didn't grow up with a lot of money, so I was going to make

some money, that was high on my list of goals,” he told me. “The minute I realized it was possible to build a business I said, ‘Oh yeah, that's what I want to do.’” What he didn't want to do, though, was actually run a business. “The people shit,” as he once called it, was not his thing. “I'm more of an introvert and more of an abstract thinker. Reading and learning and talking to people and thinking and writing—all of the intellectual side of it I love more than the emotional side.” It might seem a bit of a paradox, then, that Andreessen Horowitz as a firm believes strongly in the idea of the founder-CEO. The traditional Silicon Valley model is that the visionary entrepreneur starts the company, and if it is successful, adult supervision then arrives in the form of an experienced CEO. But Andreessen points out that a large percentage of the truly great companies—IBM, Hewlett-

Packard, Apple, Microsoft, Oracle, and now Facebook—were run by their founders for a long time.

Andreessen himself is the classic technical founder, the person who carries the vision, and, crucially, drives the product strategy, which as Horowitz notes is a function that is often misunderstood. In technology, product strategy is everything, and executing it well requires an acute sense of the industry landscape and how it is evolving, the needs of customers, and the technical and organizational capabilities of the company. If you have the visionary, you can do pretty well as long as you have someone else who can actually run the business. In Andreessen's case, that person is Horowitz. “We have complementary skills,” says Horowitz. “I'm not a technology visionary in his class, but on how an organization works and is effective, how you build a company—I'm more intuitive and more knowledgeable.”

The two men have known each other for 17 years and did some investing together—“beta-testing” the concept, as Andreessen says—before they started the firm. Together they developed the model for Andreessen Horowitz, which involves providing a broad suite of services to the companies in their portfolio.



VENTURE INVESTORS
PLAY A SINGULAR ROLE
IN THE UNIQUE BUSINESS
CULTURE OF SILICON
VALLEY, AND THE GREAT
ONES ARE POWERFUL
AND REVERED FIGURES
IN THEIR OWN RIGHT.

Unlike most venture firms, Andreessen Horowitz has a professional staff of headhunters, finance experts, public relations pros, and corporate sales gurus who can help young companies fill the inevitable gaps in their expertise and introduce them to the right people. One of the inspirations for this structure, interestingly, was Creative Artists Agency, the Hollywood talent agency where Michael Ovitz, whom Andreessen considers a mentor, pioneered the idea of a full-service firm that packaged all of the talent necessary to make a movie.

At Andreessen Horowitz, the decision of whether to invest in a particular deal is made not by a vote of the partners (there are now six), but rather through a formal debating process in which people are assigned to be critics or supporters of a particular point of view. Andreessen is always persuasive, say those who have engaged with him, but as a matter of principle does not impose his own view. "He wants to make sure that he is heard, and that his point of view is considered, which is different from him having to have his way," says Eric Vishria, cofounder of a startup called RockMelt, in which Andreessen has invested. "He always respects a counter-opinion." With Horowitz, debate is a daily sport. "It's hard to defeat Marc in an argument," Horowitz says with a smile. "Sometimes I'll just say, 'I'm losing this argument but I'm right, and you just have to trust me on that.'"

Both men have a friendly mien that masks the exceptional aggression and competitiveness that's critical for business success. These days, it is Horowitz who takes center stage in any public spat, as with a recent incident in which he responded to critics who said Andreessen Horowitz had mishandled its investment in a startup called Instagram, which was acquired by Facebook in April for a shocking \$1 billion. "Despite Instagram's awesome performance and our monstrous return, a number of articles have come out criticizing us for not making even more money on our investment," Horowitz wrote on the firm's blog. "Ordinarily, when someone criticizes me for only making 312 times my money, I let the logic of their statement speak for itself." His original post, Horowitz says, was "more aggressive" than what was ultimately published, but Andreessen "toned it down a little." What was perhaps most surprising was that the post appeared at all. But being more visible, more vocal, and more blunt than most venture capitalists is also part of Andreessen Horowitz's plan.



ONE MIGHT THINK that when it comes to raising investment capital, everyone's money is equally green. But in Silicon Valley that is most emphatically not the case. There are scores of venture capital firms, but just a handful are considered top-tier. For the entrepreneur, having a blue-chip name behind the company is a huge advantage, as it confers instant credibility and thus makes it much easier to recruit good employees, convince early customers, network with the best and brightest, and raise more money when the time comes. The mirror of this dynamic is also critical: in order to be in the top tier, venture capitalists need to be able to invest in the best entrepreneurs and get in on the best deals. The truth is, if you have already done a successful startup and you have a good idea, or if you are an obviously brilliant technologist and you have a great idea, the venture capitalists will come calling. What results is a not-so-virtuous circle in which the top-tier firms get all the best deals, which enables them to remain top-tier. Almost all the money that is made in venture investing comes from a handful of investments.

The key to starting a big-time venture firm, then, is to somehow be a big-time venture firm right out of the gate. It helps quite a lot to have Andreessen in your name (Horowitz said he had to convince Andreessen that his name should go first, for branding reasons). Having Andreessen in the name, and having the large fund that the Andreessen name helped raise, also enables the company to elbow its way into big-time, reputation-building deals like Facebook and Zynga and Groupon and Twitter, albeit at

very high prices. Andreessen Horowitz might triple its return on the 2010 investment in Facebook, as opposed to the 1,000 times return that Accel Partners stands to reap on its 2005 Facebook investment.

All the services that Andreessen Horowitz provides—and the aggressive public relations strategy that has helped the firm build its visibility—are also designed to make the firm an appealing choice for entrepreneurs who have a choice. And then of course



THE THOUGHTFUL INVESTOR
Venture capitalists have a reputation for being cowboy gunslingers; Andreessen takes a more considered approach.

there is Andreessen himself. “Working with Marc was an intriguing notion because of the kind of leader he is, and that he was a hard-core entrepreneur himself,” says Osman Rashid, who started the successful textbook rental company Chegg and was seeking funding for his new education startup, Kno, around the time Andreessen Horowitz was launched. Chegg had been backed by Kleiner Perkins, and Rashid had little doubt that he could again get funding from a top-tier firm.

He was introduced to Andreessen by one of Chegg’s angel investors. “The idea of working with an entrepreneur turned investor was extremely appealing,” says Rashid. Still, Andreessen Horowitz was a new and unproven firm, so it wasn’t an obvious choice. But Rashid was persuaded almost instantly. “It was 15 or 20 minutes into the meeting when I saw that this was a different kind of meeting, based on the questions they were asking,” he recalls. “They were the kind of questions I would have asked. It became clear to me that this would be a different kind of relationship than the typical investor-entrepreneur relationship.” Andreessen Horowitz has now invested more than \$30 million in Kno, and Rashid’s enthusiasm is unabated. “I can go to him and say, ‘Marc, I want to tap into this big beautiful brain of yours.’ He really helps us think through the strategy.”

Andreessen Horowitz has made more than 100 investments. Other venture capitalist firms, while griping that Andreessen Horowitz is stealing their deal flow and driving up prices for everyone, have now begun investing more heavily in recruiters and other professional staff too.



PEOPLE IN SILICON VALLEY like to talk about the “ecosystem” that makes it unique. Technology is driven forward and money is made by a continual process of combining and recombining talent—technical talent first and foremost, but also financial, legal, design, marketing, and sales talent. A company like Facebook emerges, people enjoy great personal success, and then they leave and start their own companies. An ecosystem, by definition, doesn’t have a leader. But it does have what one might call agents of fecundity, who feed nutrients across the landscape. The equivalent engineering metaphor would be the network, and Andreessen likens himself to a hub on a network, with the definition of an effective hub being one that “adds value to every node on the network.” Bob Sutton, a professor of management science and engineering at Stanford University, agrees: “Andreessen in particular and venture capitalists in general are in so many overlapping networks that they are in a position to see and understand things, and make connections, and act as bro-

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kers, and they have a structural position of influence.”

People who know Andreessen always speak of his intelligence and his track record of seeing around corners. Netscape aside, his second startup, Loudcloud, anticipated the cloud computing revolution, and his third, Ning, was to serve the nascent explosion in social networking. When he declares that any talk of a new tech bubble is wrongheaded, and that in fact we’re still at the front edge of the changes to be wrought by advanced software and virtually unlimited computer processing and communications capabilities, it’s hard to dismiss him as an engineer of hype. But what Larry Summers, the former U.S. treasury secretary and now an adviser to Andreessen Horowitz, calls his “capacity for aggressive commercial focus” may be less obvious but equally important. Building companies that have a big impact on the world, and making lots of money in the process, is more than a blood sport in Silicon Valley, after all; it’s the very essence of the place. Venture capitalists usually possess a cold-blooded side that enables them to unplug the dreams of an entrepreneur the minute the business dynamics don’t look right. That part of the game doesn’t seem an easy fit for an intellectual Midwesterner like Andreessen, but he’s thought it all through more carefully than one might think.

At dinner, he sips his Scotch delicately, a measure, perhaps, of his thoughtfulness in all things. Honesty and directness—that Midwestern thing again—can provide a simple basis for the tough decisions. “It’s better to stab someone in the front than to stab them in the back,” he says. “There’s a big difference.” He’s also hardened by some dark days—at Loudcloud, which almost did not survive the dotcom bust, and at Ning, which didn’t fulfill its promise, and even at Netscape, ultimately crushed by Microsoft and sold for scrap to AOL. In fact, for all his accomplishments and the enormous respect they command, Andreessen has yet to have an unqualified success. If he can prevail with Andreessen Horowitz—establish the first new top-tier VC firm in a generation and nurture some of the companies that lead the new digital revolution—he may just define a new type of business leadership. 🍷

Jonathan Weber is the West Coast Bureau Chief for Reuters.



Industry



**SOME OF THE MOST IMPORTANT BREAKTHROUGHS
IN THE AUTOMOTIVE INDUSTRY WOULD HAVE DIED IN
COMMITTEE IF IT HADN'T BEEN FOR A FEW
EXTRAORDINARY LEADERS WITH DRIVE AND VISION**

► ILLUSTRATION BY [NICK TRIFUNOVIC](#)



CAR CZARS

by Paul Ingrassia

HAD FORD ATTEMPTED SUCH A SCHEME A FOUND HIMSELF MAKING LICENSE

gation that continues to this day.

Then there's John Z. DeLorean, whose 1970s effort to build an "ethical sports car" in Belfast collapsed amid financial overreach. Most guys would have tried to rescue their company with an IPO or junk bonds, but DeLorean tried selling cocaine. Though he was acquitted at trial when a jury judged that the FBI entrapped him, his career and his company were finished.

But both Cole and DeLorean enjoyed enormous success before their signature

Determination and self-belief have fostered hubris among automotive innovators over the years, sometimes with disastrous results. But history shows that they're also the critical ingredients behind the most spectacular automotive successes.



THE MODEL T, perhaps the most revolutionary product ever made, was hardly a

HENRY FORD

had to fight to build the Model T, even within the company that bore his name. The Russian immigrant engineer who saved the Chevy Corvette bucked the General Motors brass to do it. Lee Iacocca and Hal Sperlich built the minivan at Chrysler only after the vehicle—and they—had been rejected at Ford.

Those three cars were not just huge commercial successes—each also placed its stamp on American life, much as the iPad has today. Two were utterly practical while the third was ostentatiously stylish, but what they all had in common is this: The people who created them overcame formidable obstacles to put them on the road.

Unblinking determination is a common theme in the biggest American business success stories, such as Ray Kroc's damn-the-odds effort to build McDonalds and Steve Jobs' audacity in reshaping Apple. Luck and timing are involved too, but they aren't enough. The special sauce (apologies to Kroc) is a strain of determination that blends self-belief with belief in the commercial potential of a product.

Determination and self-belief sometimes goes awry in the auto industry, as in other arenas. Exhibit A is the Chevrolet Corvair, introduced in 1960 with an innovative air-cooled, rear-mounted engine that produced 29 miles a gallon, more than double most cars of its day. Despite the weight concentrated in the car's rear, Ed Cole, the Corvair's creator, stoutly rejected putting a weight-stabilizing bar under the car's front end. The result was a plethora of accidents and a muckraking 1965 book by an unknown lawyer named Ralph Nader: *Unsafe at Any Speed*. The Corvair scandal prompted a boom in product-liability liti-

failures. Cole created a small-block V8 engine that powered the legendary '57 Chevies and was a key figure in the success of the Corvette. DeLorean created the Pontiac GTO, which launched the muscle-car craze of the 1960s and still invokes strong emotions among one-time boy racers. A sign on a restored GTO displayed in suburban Chicago a few years ago declared: "This car was built in honor of Almighty God, in memory of my dad, and of my fellow hometown veterans who did not have the chance to live these memories."

no-brainer to the people supplying capital to Henry Ford when he proposed it. It was the world's first "people's car," but with an initial sticker price of \$850 wasn't the most affordable car of its day. That distinction went to the \$500 Brush Runabout, which had a chassis, axles and wheels made of wood. The Runabout's detractors quipped: "Wooden axles, wooden wheels and wouldn't run." In contrast, reliability made the Model T an overnight success—quite unlike the man who built it.

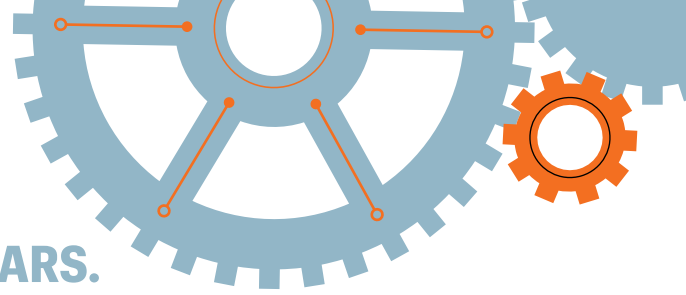
Henry Ford was the proverbial late bloomer. Raised on a Michigan farm, he



RE-BIRTH OF A NATION

"The theory of the Anglo-Saxon home became so warped that it never recovered," is how Steinbeck described the pervasive influence of the Model T on early 20th century America.

CENTURY LATER HE WOULD HAVE PLATES IN PRISON INSTEAD OF MAKING CARS.



left home at 16 to work in Detroit's machine shops. By 1893, at age 30, he had become chief engineer at the local electric company, but his mind was turning to the newfangled automobile. He started tinkering in his shed (like Steve Jobs in his garage 80 years later) and in 1896 produced his first car. Three years later he got backing from local investors to start the Detroit Automobile Company, but it went broke in less than two years. In 1901, he raised money to start the Henry Ford Com-

pany that a horse-drawn vehicle will go." But many of his other investors saw more profit potential in big, expensive cars aimed at luxury buyers. As the debate grew intense, Ford and his allies played hardball—they formed their own company, Ford Manufacturing, to make and build parts for Ford cars, and charged outrageously high prices for the parts, plunging Ford Motor into red ink while keeping Ford Manufacturing's profits for themselves. Had Ford attempted such a scheme a century later he would

described a man who named his Model T the Teddy Roosevelt because, he explained, it was the "Rough Rider." Henry Ford preferred another joke, the one about the farmer who asked to be buried in his Model T because it had gotten him out of every hole he'd ever been in.

The car was so popular that Henry Ford started exploring ways to boost production. He found inspiration in the slaughterhouses of Chicago, which were basically big disassembly lines. In 1913 Ford started building on a moving assembly line. The efficiencies were so great that in 1914 the company was paying factory hands \$5 for a day's work, more than double the prevailing wage. In just six years Henry Ford had put America on wheels, invented mass manufacturing and spawned America's middle class. He continuously increased manufacturing efficiency and passed the savings on to consumers. In 1921 Ford's market share topped 60 percent.

The Model T's influence on early 20th-century America was pervasive. "Most of the babies of the period were conceived in Model T Fords and not a few were born in them," author John Steinbeck later wrote. "The theory of the Anglo-Saxon home became so warped that it never quite recovered." In America, personal mobility became a cornerstone of personal freedom.

But as the Roaring Twenties unfolded, many Americans wanted style and status, not just a low price. "Slowly at first, then more rapidly, people passed up the flivver for more ornamental machines," lamented the *Bismarck Tribune*. In May 1927 Henry Ford conceded that his car had fallen behind the times, and the Model T was discontinued. Pretension trumped practicality, and "more ornamental" automobiles lay in America's future.



A PAINFUL VETTING PROCESS

The original Corvette looked great, but was riddled with problems—from a leaky roof to a gutless acceleration—and was mocked as a car mainly suited "to impress the hillbillies."

pany—he was one-sixth owner and chief engineer. But he soon squabbled with his investors and quit. By age 38, Ford had formed two car companies and lost both. He vowed that his days as an employee were over. He assembled another group of backers and on June 16, 1903 formed the Ford Motor Company. Within 10 months it sold more than 650 cars. Finally, Henry Ford was successful, or so it seemed.

In 1906 he wrote to an automotive magazine describing his vision of "a light, low-priced car with an up-to-date engine... capable of carrying its passengers anywhere

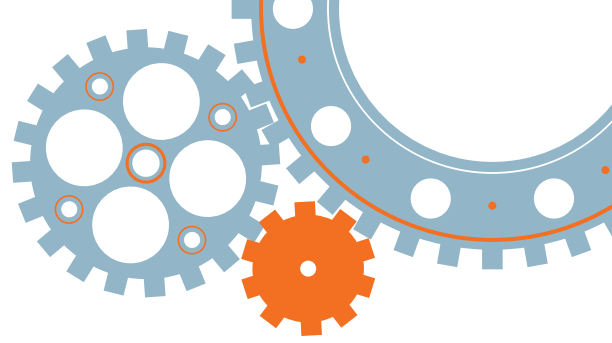
have found himself making license plates in prison instead of making cars. But the dissident investors capitulated, selling their stock in Ford Motor and leaving Henry Ford with a 58 percent stake.

In October, 1908 Ford Motor introduced the Model T, so named because it followed Models N, R and S. It used a new kind of steel—vanadium—that was lighter and stronger than traditional carbon steel. Other cars of the day had heavy frames to withstand America's primitive roads, but the agile Model T flexed with the road, a blessing with certain drawbacks. One joke



NINETEEN FIFTY-THREE was a pivotal year in America. The Korean War ended. Elvis Presley started recording music. Hugh Hefner started *Playboy*. A real-life

DUNTOV ARGUED THAT A FOUR-SEAT CORVETTE WOULD BE LIKE A SPRINTER CARRYING A BACKPACK.



playboy, John F. Kennedy, went to the U.S. Senate, prompting a *Saturday Evening Post* headline: “Jack Kennedy—The Senate’s Gay Young Bachelor.”

Americans who had been raised through the Depression and a few wars were finally letting loose. It was the perfect year, then, for Chevrolet to launch America’s first true sports car, the Corvette. There was just one problem: The Corvette looked great, but it wasn’t a great car. Its anemic six-cylinder engine accelerated with more hope than horsepower, and the indifferent two-speed automatic transmission didn’t help. The convertible top leaked, so some early owners drilled holes in the floor to let rainwater drain out.

By late 1954 the Corvette’s sales had stalled, and General Motors was contemplating killing the car. Rumors of its impending demise reached Zora Arkus-Duntov, a middle-aged, middle-management engineer at Chevy. His journey to that job at GM had been adventuresome.

Duntov was born in 1909 to Russian Jewish parents and raised a Bolshevik in St. Petersburg, where he learned to struggle early in life. As a boy he once brandished a pistol to threaten a doctor who was refusing to come treat his ailing mother. The doctor changed his mind.

By the mid-1930s Duntov’s parents had been posted to Berlin as Soviet trade attachés. Later in the decade he moved to Paris, where he married Elfi Wolff, a Folies Bergère dancer from a well-heeled German Jewish family. When the Germans overran Paris in 1940, the couple fled across France and Spain to Portugal, where they caught a boat for New York. He started a small engineering company, specializing in components for high-speed roadsters.

In January 1953 Duntov visited GM’s Motorama display at the Waldorf-Astoria Hotel, where the company unveiled the Corvette. He was so enthralled with the car that he got a job at GM, starting in Detroit on May 1. Four months later he gave a speech that would define his life’s work. “In our age... the average person is a cogwheel

who gets pushed in the subways, elevators, department stores, cafeterias, [and] lives in the same house as the next fellow,” he told the Society of Automotive Engineers. “The ownership of a different car provides the means to ascertain his individuality.” In his own awkward way, Duntov had expressed the vast potential of the Corvette.

Nonetheless, European sports cars were



RUSSIAN SLY

Duntov wasn’t deferential—he once waved a pistol at a doctor reluctant to make a housecall—so when he heard the Corvette was to be axed, he took his argument straight to the top.

clearly superior to the Corvette, and critics wrote withering reviews. “The Austin-Healy will eat it alive and so will the Jaguar,” wrote one, adding that the Corvette was mainly suited “to impress the hillbillies.” By the fall of 1954 more than 1,000 Corvettes, one-third of those made, languished unsold on dealers’ lots, like orphan puppies waiting for an owner.

When word spread that the Corvette would be discontinued, Duntov bypassed GM’s rigid chain of command and penned a memo to Chevrolet chief Ed Cole. He warned that with Ford on the verge of launching its own two-seat roadster, the Thunderbird, a retreat by Chevrolet would be disastrous. In an awkward

blend of immigrant English and corporate-speak, he pleaded for the Corvette’s life. “If Ford makes success where we failed, it may hurt,” Duntov wrote. “With aggressiveness of Ford publicity, they may turn the fact to their advantage... We will leave an opening in which they can hit at will. ‘Ford out-engineered, out-sold, or ran Chevrolet’s pride and joy off the market.’ In the bare-fisted fight we are in now, I would hit at any opening I could find and the situation where Ford enters and where Chevrolet retreats, it is not an opening, it is a hole!”

It was a brash memo, even for a man who had survived the Russian Revolution and escaped the Nazis. But the bosses relented. The Corvette’s leaks got fixed and in 1955 it got a V8 engine that was lighter than the Thunderbird’s, but just as powerful. In 1957 the Corvette got a fuel-injected engine that produced nearly 100 hp more than what it had under the hood two years earlier. That March, a Corvette gave Maserati a scare at the high-profile auto races in Sebring, Florida. “The seeds of a storybook tale were sown,” gushed *Sports Illustrated*. “A Detroit sports car, of all things... contending in a world championship race.”

In 1958 Ford added a back seat to the Thunderbird, sharply boosting sales. GM was tempted to do the same with the Corvette, but Duntov argued that a four-seat Corvette would be like a sprinter carrying a backpack. He got a break when GM President John Gordon had to be pulled out of a four-seat Corvette prototype because the back seat was so small.

It was just one more battle in the war Duntov fought for three decades to keep the Corvette from becoming a bloated boulevard-barge, as the Thunderbird eventually did. Through sheer determination and a willingness to buck his bosses, a Bolshevik boy saved the great American sports car.

“Zora Arkus-Duntov is so firmly identified with Corvettes they could bear his name,” wrote *Car and Driver* in 1962. When Duntov died in 1996, columnist



SOCCKER-MOM MOGULS

Iacocca (left) and Sperlich knew baby-boomers were now painting the nursery rather than painting the town, and needed a car that suited their suburban lifestyle.



George Will wrote: “If you do not mourn his passing, you are not a good American.”



WHEN LEE IACOCCA and Hal Sperlich launched the Ford Mustang in 1964, they caught America’s baby-boom generation coming of age. By 1984 both men were at Chrysler, and the boomers were entering a new phase of their lives—they had gone to college, gotten haircuts, taken showers, gotten jobs, gotten married and started families. Not always in that order, of course.

Thus the stage was set for Iacocca and Sperlich to capture the mood of America’s largest generation once again. The two men responded with a totally new type of vehicle. Like the Mustang, this one would help define the lifestyle of a generation, or at least the lifestyle of baby-boomers now painting the nursery instead of the town.

Ironically, the Chrysler minivan could have been Ford’s. Sperlich pitched it to CEO Henry Ford II in the early 1970s as the “Mini-Max”—minimal exterior length but maximum interior space, and deemed it the perfect vehicle for families in an era of high gas prices. But Henry II deemed the idea too risky and grew increasingly

irritated by Sperlich’s persistent lobbying for it. In 1976 he fired Sperlich, and two years later he fired Iacocca. Both men landed at Chrysler, and couldn’t have arrived there at a worse time.

In 1980, the ailing company was saved only by Congress’s Chrysler Loan Guarantee Act. That fragile lifeline gave it enough cash to launch the K-cars—the Dodge Aries and Plymouth Reliant—in 1981. The hugely successful K-cars were built on front-wheel-drive platforms, which Ford didn’t have. They were lighter and roomier than rear-drive cars because they didn’t need a bulky drive shaft. The K-car platforms also provided the ideal chassis for the vehicle Sperlich had been pitching for years.

The cover of *Car and Driver* in May 1983 showed five members of the Detroit Pistons basketball team posing in front of a new Chrysler to be launched that fall. It had a short hood and a large passenger compartment. The headline read: “A Van for All Seasons,” and dubbed it a “minivan.”

“Picture a van that is three inches shorter, ten inches narrower and fifteen inches lower... than the next-smallest [van] on the market,” the magazine wrote, “yet has enough room for the Detroit Pistons and their luggage...”

In February 1984, five months after the

minivans debuted, Chrysler paid dividends to stockholders for the first time in five years. By February 1986 the company’s stock had surged above \$48 a share, a 1,500 percent increase since the dark days of 1980. Minivans quickly replaced station wagons as America’s family vehicle of choice, thanks to their copious interiors. A Kansas City homemaker told the local newspaper that she shuttled her kids among doctor appointments, piano lessons and soccer games, making the minivan the family’s home-on-wheels between 3 and 7 p.m. “My kids eat in the car, they change clothes in the car, they do their homework in the car,” she said.

SUVs have since replaced minivans in many suburban driveways, but Sperlich’s “mini-max” remains an enduring symbol of American family life. It also speaks to the sheer determination sometimes required to push an innovative idea through a big corporate bureaucracy. Iacocca once said Sperlich approached product development as if it were hand-to-hand combat. Sperlich took that as a compliment. 🌀

Paul Ingrassia, who won a Pulitzer Prize in 1993 for his coverage of Detroit’s auto industry, is deputy editor-in-chief of Reuters. This article is adapted from his new book, Engines of Change: A History of the American Dream in Fifteen Cars, published by Simon & Schuster.

Leadership By the Book

YOU CAN'T GET THERE FROM HERE

by JAMES LEDBETTER



• **EVERY YEAR** publishers release dozens, if not hundreds, of books about leadership. These books range from how-to books written by tenured professors of management theory at Harvard Business School to inspirational tracts generated by motivational speakers and longtime high school football coaches. While it's evident that an eager audience exists for leadership books, how useful could they actually be? After all, if it were possible to become an effective leader simply by reading a stack of books, then presumably there would be a lot more good leaders in the world.

Assuming it's possible to learn leadership lessons from a book, it seems even more likely that one could glean authorita-

tive wisdom from reading biographies of great leaders, people who were not only influential but who actually succeeded in changing the world. Biographies, moreover, have the advantage of being real stories and, unlike leadership self-help books, are often composed by excellent writers. They appeal to a much broader class of reader, including the kind of people who might once have

read epic poems or romances, tales of gods and heroes and their mysterious ways.

If it's true that biographies of great leaders constitute a higher form of leadership literature, several questions remain: How do the biographers deal with the subject? Do they take lessons from leadership books or leadership theory? And do they agree—as many of the how-to books maintain—that leadership lessons can be

subjects in a didactic manner; they are attracted to the complexity of depicting a leader in his or her natural habitat. “I don't directly try to turn my biographies into how-to books,” insists Walter Isaacson, author of several biographies, including last year's blockbuster *Steve Jobs*. On a leadership scale from 1 to 10, Isaacson says Jobs should be given a 10 as perhaps the most inspiring technology leader of



distilled and presented independently of the leaders themselves, and transferred from one field of accomplishment to another? Seeking instruction, I turned to three distinguished biographers for guidance. Here are a few lessons I learned about leadership lessons.

BIOGRAPHY isn't self-help. Almost no professional biographers set out to portray their

all time, adding, “But I'd take away two points for being so abrasive.” And that's the point: biographical subjects “are real people who have strengths and flaws,” says Isaacson. “Those of us who write biographies of leaders understand that it's a much richer topic than can be synopsized into a few bullet points.”

Leadership is nature plus nurture, but mostly the right



Where do leaders come from? Dwight Eisenhower cut a mediocre figure as a young soldier; Steve Jobs always knew he was genius; and Margaret Thatcher proved that sometimes a woman can be more like a man.

kind of nurture. Leadership skills must come from somewhere, and few modern authors would argue that they are genetically inherited. So biographers often look to early, character-shaping experiences. Nicholas Wapshott, author of two books on Margaret Thatcher, points to her upbringing as a shopkeeper's daughter in a one-party Lincolnshire town as forging a combative outsider's personality that she would later need as she launched her attack on the entire British establishment. "She was brought up a bit like a boy," Wapshott says, "knew she had to do well, and always believed she was right."

Taking the nurture point even further, some biographers reject even the idea of

formative childhood experiences. Take Dwight Eisenhower, who commanded perhaps the largest military force in human history to win World War II and went on to become a two-term president of the United States. Jim Newton, author of *Eisenhower: The White House Years*, notes that there was little in Eisenhower's early life—he barely made the top half of his graduating class at West Point and had a series of lackluster military jobs through his 30s that failed to impress even him—that suggested the emergence of a great leader. "I didn't start my book thinking I was writing about an effective leader," Newton says. "It's only when [U.S. Army Major General] Fox Conner gets hold of him that he recognizes his own potential, and develops the knowledge and confidence that he could be a leader."

Can leadership be taught? Based on the nurture argument, on some level the answer

to this must be "yes." Yet what people typically want to know when they ask this question is: Can leadership be taught from the same script to everyone?

And there the answer is more likely to be "no." Isaacson insists that context and personal style matter a great deal. Perhaps the most important leadership moment in Isaacson's biography of Benjamin Franklin is the Constitutional Convention of 1787, when Franklin resolves the conflict between large and small states through compromise and consensus. "Franklin accomplished things by intensely listening to all the people around him and being very tolerant of different views," says Isaacson. That would have been impossible for Jobs—"Steve's way was to absorb all the information and then set goals in a clear, stubborn, intense way"—but that doesn't mean one was a less effective leader than the other, only that leadership can always take different forms.

terms, Eisenhower ended his career as a relatively undistinguished president of Columbia University.

SO WHAT IS leadership? Uniformly, the biographers agree that leaders must take on huge tasks that others may perceive as impossible—for Eisenhower, prevailing in the Cold War; for Thatcher, rolling back the state; for Jobs, overhauling multiple industries—but that it's equally important to maintain focus on a small number of tasks or values. Wapshott praises the "narrowness of Thatcher's vision," while Newton quips that Eisenhower "was not someone who was accused of being stretched too thin." As for Jobs, Isaacson tells of a signature moment at a corporate retreat, when all the Apple employees were lobbying for their projects and pet topics to make it onto a whiteboard that had a mere 10 slots. When the list was finally whittled down to 10, Jobs told them they had to cross out the

If it were possible to become an **EFFECTIVE LEADER** simply by reading a stack of books, then presumably there would be a lot more good leaders in the world.

Can leadership be transferred? A conceit of many leadership books is that lessons derived from one arena—say, business—can be applied to another. Biographers mostly dismiss this idea. Newton notes matter-of-factly that after Eisenhower's crowning achievement in World War II and before his two usually well-regarded presidential

bottom seven. "It was his ability to stay focused, a commitment to a Zen-like appreciation of simplicity" that made him effective, says Isaacson. And that might be the only leadership lesson anyone really needs. 🌀

James Ledbetter is the op-ed editor of Reuters. He is the author of Unwarranted Influence: Dwight D. Eisenhower and the Military-Industrial Complex.

Leading Ladies

NORTH AMERICAN BOX OFFICE WAS DOWN 4 PERCENT LAST YEAR, BUT GLOBAL THEATRICAL RECEIPTS HIT A RECORD \$32.6 BILLION, MOSTLY THANKS TO SURGING GROWTH IN LATIN AMERICA, ASIA, AND THE MIDDLE EAST. MUCH OF THAT DEMAND WAS DRIVEN BY INTERNATIONAL SUPERSTARLETS WHOSE APPEAL TRANSCENDS LANGUAGE AND CULTURE. HERE ARE SEVEN OF OUR FAVORITES.



CHINA // GONG LI

Chinese superstar Gong Li is more than an actress; she's also China's Food and Agriculture Organization Goodwill Ambassador and a French Commander of the Legion of Honor. One of her films, *Farewell My Concubine*, was initially banned in China because it was too critical of the government; another, *Ju Dou*, was banned for being too sexy. *Memoirs of a Geisha* brought in \$162 million.



USA // JENNIFER LAWRENCE

In *Winter's Bone*, Lawrence plays Ree Dolly, a down-and-out teenager from the Ozarks who struggles to keep her family alive by hunting and fishing. That role was the perfect audition for *The Hunger Games*, in which Lawrence plays Katniss Everdeen, the bow-wielding, squirrel-killing, boy-saving heroine. The film has grossed more than \$635 million worldwide.

AUSTRALIA //

NICOLE KIDMAN

NAOMI WATTS

Kidman and Watts attended the same high school in Sydney, Australia, and both dropped out. Watts worked odd jobs, including stints as a papergirl and a model; Kidman took a job as a massage therapist to help support her family while training to be a dancer and actress. They met again at acting school, again in Sydney. After working in television and starring in a series of low-budget films, the schoolmates went on to become two of Hollywood's highest-paid actresses. Watts earned \$19.1 million in 2011, compared with Kidman's \$18.6 million.



INDIA // VIDYA BALAN

Balan's short career has taken her well beyond Bollywood's familiar song-and-dance routines. Last year, she starred in two major dramas, *No-One Killed Jessica*, based on the real-life murder of Delhi model Jessica Lal, and *The Dirty Picture*. In her most recent movie, a thriller called *Kahaani*, Balan plays a pregnant woman who searches for her missing husband. *Kahaani* was made for just \$1.5 million—but grossed more than \$20 million.



IRAN // LEILA HATAMI

Hatami won accolades for her performance in *A Separation*, playing a strong-willed young woman trying to leave Iran and give her daughter a better life. The film took home the Oscar for Best Foreign Film (and grossed almost \$13 million globally), but Iranian audiences knew Hatami long before she became an international sensation.



FRANCE // MARION COTILLARD

Cotillard won an Academy Award for her 2007 portrayal of Edith Piaf in *La Vie en Rose*, a first for a French-language performance. The film has made \$86 million. In 2009, Cotillard was the face of Dior in the luxury brand's ad campaigns, and in 2010, she was the highest-earning French actor, male or female.



(CLOCKWISE STARTING WITH GONG LI) PHOTOGRAPHS BY TRUTH LEEW, LUCAS JACKSON, CHRISTIAN CHARISIUS, MANAV MANGLANI, REUTERS, CHRISTIAN CHARISIUS



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Failure

Fallen Leaders

It's a tough time to be a leader. Nine euro zone countries and four Arab Spring nations have lost their heads of state to economic and political upheaval in the past couple of years, and the most recent batch of victims suggests that managerial misfortune is only spreading. **Joe Paterno**, Penn State's football coach, died in January after being implicated in a sexual abuse scandal, while **Jon Corzine** scrambled to locate MF Global's missing billions. **Bo Xilai** was dismissed from the Chinese Communist Party for alleged embezzlement and murder, and **Rod Blagojevich** began his 14-year corruption sentence in March. In France, **Nicolas Sarkozy** was dethroned by rival Francois Hollande. Good thing guillotines are out of fashion.

Rod Blagojevich

Nicolas Sarkozy

Bo Xilai

Joe Paterno

Jon Corzine

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