

THE WALL STREET JOURNAL.

© 1994 Dow Jones & Company, Inc. All Rights Reserved.

VOL. LXXV NO. 223



MIDWEST EDITION

MONDAY, AUGUST 29, 1994

Corporate Therapy

The Latest Addition To Executive Suite Is Psychologist's Couch

Personality Clashes Prompt
Companies to Seek Help
Of Shrinks Like Dr. Smart

Meeting of Managers' Minds

By AMAL KUMAR NAJ

Staff Reporter of THE WALL STREET JOURNAL

When two General Electric Co. officials clashed over management styles, GE brought in Bradford Smart to reconcile them. At Ameritech Corp., he is helping an executive soften a personality that has alienated subordinates and peers. And at Gander Mountain Inc., directors steered clear of a candidate they had favored to head the outdoors-catalog company after Dr. Smart turned thumbs down.

Part marriage counselor, part investigator of executive thinking, the 50-year-old Dr. Smart is an industrial psychologist. He probes the executive mind — the software of business, if you will — the way a management consultant might scrutinize organizational structure and plant layout.

Dr. Smart isn't unique. Companies often employ industrial psychologists in their human-resources divisions to counsel employees on their careers, create training programs and resolve interpersonal conflicts. But only in recent years, says Dr. Smart, have companies ushered industrial psychologists into executive suites to deal with issues generally tolerated or overlooked in the past.

Increasingly, companies say that in today's fast-changing markets and intensified competition, personality clashes or leadership flaws at the top can be costly.



Bradford Smart

At DSC Logistics Inc., another company that has retained Dr. Smart, for instance, clashes between two senior executives three years ago were so heated that even their secretaries skirmished, says Ann Drake, chairwoman. The impact was so pervasive that managers at the Des Plaines, Ill., provider of inventory-management services "failed to meet business goals at a time the company was trying to expand," she says.

"You have to confront" such clashes early before they harm an organization, says Lawrence A. Bossidy, chairman of AlliedSignal Corp. Last year, he hired Dr. Smart to help "isolate" and counsel two senior executives whose "personality quirks were inhibiting their progress and effectiveness." (Eventually, one of them left the Morris Township, N.J., firm.)

Industrial psychologists say they aren't surprised that they are in demand. "There have been some notable examples of executive failures in recent years, and they reveal only one thing: The executives weren't adequately evaluated" before they were installed, says Harry Levinson, who heads a Waltham, Mass., consulting firm of 25 industrial psychologists and psychiatrists. He rattles off recent examples of executive dismissals at General Motors Corp., International Business Machines Corp., Greyhound Lines Inc., and the publishing company Simon & Schuster.

In many such cases, the executives had impeccable credentials, but their resumes said nothing about their ability to "lead the organization" or "adapt to the complexity of world competition," Mr. Levinson says.

Eugene Jennings, professor emeritus of management at Michigan State University, says this largely accounts for the turnover rate for division heads and higher in U.S. corporations. In the past five years, that rate is 42% higher than the average in any previous five-year period. "While many executives have become victims, companies are also offering help to keep talented executives," he says.

In the Hot Seat

When Dr. Smart — who charges \$3,000 to \$6,000 a day for interviews and counseling — is brought in to help an executive, he talks with the subject's subordinates, peers and bosses. On a recent afternoon, amid the modern furniture and paintings in his downtown Chicago office, he is armed with copious notes on his yellow pad from two days of interviews at Ameritech.

Sitting across from him in a leather

chair is Belen Bradley, Ameritech's 47-year-old vice president of human resources. Intense and articulate, she has been blamed for ruffling too many feathers at the regional telephone company.

Dr. Smart, tall and wiry in a white-collared shirt and suspenders, speaks in soft, conversational tones and smiles disarmingly.

"Let's jump in," he says. "Let me tell you what I see as the reality: You are on the top of your profession in this country. You're extremely bright and have tremendous energy. There are some 'A players' who think the world of you," says Dr. Smart. He then quotes from interviews with Ms. Bradley's peers: "Belen is a blue-chip talent," "smarter and faster than other people," "generates lots of ideas," "has uncanny diagnostic abilities," "loves to deal with complex issues," "is a workaholic."

Then comes the stuff that Ms. Bradley, wearing a polka-dot dress and clutching a pen and pad, has been dreading. "I have twice as many pages on the negative stuff, but as you know this process concentrates on the negative side anyway," Dr. Smart assures her. He then recites the complaints: She does "too much too fast," treats "peers with disdain," "impairs team work," doesn't "always show her warm side" and has "burned too many bridges."

The industrial psychologist, who has been brought in to "get feedback" on senior executives, speculates that some in the company believe "this was a mishire. They should have hired someone who schmoozes rather than storms the beaches."

It seems that Ms. Bradley, who came to Ameritech from GE about a year ago, is caught in a culture clash. Faced with stiffening competition in telecommunications, Ameritech is restructuring. Ms. Bradley, whose job is to recruit personnel and devise compensation and succession plans and urge employees into accepting change, apparently has been impatient, especially with managers who are holdovers from the days when the company was part of the monolithic Bell system.

Ms. Bradley denies that she has deliberately insulted anyone, but adds that she can understand "why they would get that impression."

Dr. Smart suggests that she make "a significant change" in her interpersonal relationships. "Get those old Bell people involved because they're as much a part of the change . . . schmooze, get feedback from people . . . talk about your per-

(over please)

sonal stuff, do dinners and lunches with peers . . . seduce people into accepting change" Ms. Bradley looks a little confused, since speed is so vital in an organization going through what she calls a "transformation, and not a transition."

They discuss how she can "delicately balance" the need to drive a cultural change in the competitive environment without alienating peers and subordinates. Dr. Smart promises to convey her dilemma to her bosses. The session lasts nearly four hours.

Commenting on the session several weeks later, Ms. Bradley says: "It is always helpful to test your own perception of yourself against others', whether you agree or disagree. My consciousness around a number of issues is raised dramatically. Now invariably after a meeting, I ask for feedback, and it helps me nip in the bud if I have antagonized anybody," she says. She also keeps a daily log of her accomplishments and failures, to measure her progress.

Confessing Past Sins

Dr. Smart, who received his doctorate in industrial psychology from Purdue University, formed his own one-man concern in 1972 after stints at other companies. Last year, he held similar sessions with about a dozen senior executives at Dun & Bradstreet Corp.'s Nielsen International unit in Brussels. "Brad Smart gets a lot of subterranean stuff out on the table and gets people to acknowledge their weaknesses," says David Rabino, head of human resources at Nielsen.

"The way Brad Smart loosens up the conflict is by holding up a mirror," says Mr. Rabino. "Senior executives by definition are high egos, and they are normally not comfortable acknowledging weaknesses. Now they admit their shortcomings without embarrassment."

When Dr. Smart is summoned to evaluate an executive for promotion or hire, he looks for nuances that might reveal a hidden strength or a weakness.

During job interviews, Dr. Smart says, he is careful to stay within the bounds of state and federal equal-employment laws. But in counseling — which is voluntary — the form is much freer, and he never includes personal matters in his report.

Still, not everyone is keen. Thomas Neff, president of the search firm Spencer Stuart in New York, says, "I'm very skeptical about using industrial psychologists in top-level executive searches. First, track-record and references of the individ-

uals are the most important qualifications. And second, individuals at a very senior level are very leery, at best, about going through the process."

Two years ago, Gander Mountain, which sells fishing and camping gear through catalogs, was searching for a new president to aggressively expand its \$30-million in sales and help devise a future product plan. Chairman Ralph Freitag sent Dr. Smart a candidate who the board believed could help turn the Wilmot, Wis., company around.

"We were very high on the man," says Mr. Freitag, citing the candidate's impeccable credentials, background and reference checks. But Dr. Smart concluded the man wasn't "aggressive enough to move the company into the \$1 billion sales range." The man who passed his test was Joseph Lawler, then head of several divisions in Fingerhut Cos. in Minneapolis. He eventually was hired.

How did Dr. Smart establish that Mr. Lawler was an aggressive executive but wouldn't alienate subordinates and peers? Dr. Smart says that in his four-hour sessions, which were conducted with each candidate, he established that Mr. Lawler had driven himself to run bigger and bigger divisions throughout his career and that once when Mr. Lawler alienated a subordinate, "he got a six-pack of beer and took him out on the lake."

"Joe had a passion to succeed, which is different from being ambitious," says Dr. Smart. In contrast, the other candidate was "woefully short in acknowledging mistakes and failures."

Subtle Signals

It isn't surprising then that when Mr. Lawler recently searched for a new chief financial officer, he sent four candidates with equally impressive credentials to Dr. Smart. "We ended up selecting the one who turned out to be street smart, insightful, combined with tolerable aggressiveness," Mr. Lawler says.

Dr. Smart says he often looks for subtle things in deciding the fit of an executive in a particular firm. He mentions two interviews he recently conducted with candidates for senior positions at GE's Kidder Peabody Group Inc. unit. Both had impressive credentials. But one showed up for a session wearing roller skates, leading Dr. Smart to probe the man's lifestyle. He soon learned that the executive, who worked at another brokerage firm, was studying acting and looking forward to one day retiring early. "I knew he

wasn't ready to move at 100 miles an hour at Kidder," Dr. Smart says.

The other candidate had "a gruff manner," he says. "I asked myself, 'Can he be buffed up?' Then I learned he took great exception to being criticized for his Bronx accent." Neither was hired.

Not all interventions by Dr. Smart result in amicable solutions. GE recently dismissed Kidder Chairman Michael Carpenter after disclosure that Kidder's top government-bond trader, Joseph Jett, had executed phony trades and inflated profits by \$350 million. An internal report blamed, among other things, lax financial controls.

Several Kidder executives trace part of the problem to Mr. Carpenter's poor relationship with Gary Wendt, chairman of GE Capital. While declining to offer details, Dr. Smart says he was asked in 1988 to meet with the men individually. He says they discussed how to "build relationships."

Some Uneasiness

But Dr. Smart's peacemaking still hadn't worked by April when Mr. Carpenter told a reporter: "Gary and I are different people. He is capable, but we sometimes see things differently." Where the process broke down Dr. Smart doesn't say, and Kidder won't comment.

Dr. Smart drew criticism from a man he counseled in another GE case that illustrates the uneasiness created when your boss hires a psychologist for you. In 1991, Dr. Smart was summoned to help Edward Russell, then head of the GE Superabrasives division in Worthington, Ohio, improve relations with peers and subordinates. Mr. Russell was eventually fired by GE Chairman John F. Welch.

When Mr. Russell filed a wrongful discharge suit — later settled — Mr. Welch used the industrial psychologist's report as support for the firing. But Mr. Russell complained he hadn't seen that report, which was substantially more negative than the written version he had received. Dr. Smart says that the report sent to Mr. Russell's bosses was "more detailed," and that such reports aren't usually shared with the executive counseled.

Dr. Smart and his profession face other hurdles. "Some executives are insulted by the suggestion" that they submit to a psychologist's interview and refuse to do it, says Spencer Stuart's Mr. Neff. "They want to be evaluated by their track records, the tangible results, and not on what they did when they were three-year-olds," he says.