If your company is like most, it has a handful of people who generate disproportionate quantities of value: a researcher creates products that bankroll the entire organization for decades; a manager spots consumer-spending patterns no one else sees and defines new market categories your enterprise can serve; a strategist anticipates global changes and correctly interprets their business implications.

Companies' competitiveness, even survival, increasingly hinge on such “clever people.” But the truth is, clever people are as fiercely independent as they are clever – they don’t want to be led. So how do you corral these players in your organization and inspire them to achieve their highest potential?

Rob Goffee and Gareth Jones – Europe’s leading experts on organizational culture, leadership and change – tackle these challenges in their new book *Clever: Leading Your Smartest, Most Creative People*.

Rob Goffee is professor of organizational behaviour at London Business School, where he teaches on the world-renowned Senior Executive Programme. His research has covered entrepreneurship, business formation and growth, and managerial careers.

Gareth Jones is a Fellow of the Centre for Management Development at London Business School and a visiting professor at INSEAD, Fontainebleau and IE Business School (Instituto de Empresa) in Madrid.

In a career that has spanned both the academic and business worlds, Gareth was director of human resources and internal communications at the British Broadcasting Corporation (BBC); and at Polygram, then the world’s largest recorded music company, he was senior vice president for global human resources.
AC: Can you tell us about the background to your new book *Clever*?

Gareth Jones:

Rob often describes us as "old sociologists", and because of that we tend to keep research notebooks of our observations. Once every few weeks Rob and I get together, usually over a coffee, and talk about what we’ve observed. Rob had been working with a pharmaceutical company and I was working with a professional services firm. We found that leading people in knowledge-based industries is a bit different, and when we shared our observations they turned out to be remarkably similar. That’s when we started to think that there were peculiar challenges about leading clever people.

Rob Goffee:

I’d add two other things. Our last book is called *Why should anyone be led by you?* and I think it’s the clever people that are most likely to ask that question. These are the most demanding and most challenging people, so it made sense to try and carry on looking more precisely at this population. The second thing I’d say is that professionally, if you look at the field, there’s a very big literature on leadership, and there’s a big literature on the knowledge economy, but there’s not very much that connects the two. We all talk about the emerging and growing knowledge economy, but the connection between leadership and the knowledge economy in terms of what is researched and written has not been made. For this reason we thought there was a clear gap in the knowledge market.

Gareth Jones:

I guess there was a piquancy added to this by the global recession. Our view is that if you take a Western European outlook, we are absolutely dependent on the clever economy getting itself out of the recession, because we certainly aren’t going back to being one of the world’s great steel producers.

AC: You are recognized as Europe’s leading experts on organizational culture, leadership and change. What would you say your book brings to these areas of study?

Rob Goffee:

This is a really big question. The first thing I’d say is that in a way we were only interested in “clevers” that needed organization. In other words, those who could not do what they were trying to do without working with other people. We weren’t interested in “clevers” who could remain as freelance and largely independent. We were always interested in the implications of this in terms of the leadership relationship and organizational change, culture and so on. Secondly, if you look at the three words you have in your question – culture, leadership and change – I suppose quite a lot of what we were trying to do in the new book was write the new rules of leadership. In the opening chapters we try to describe what those new rules might look like, and what the ‘dos’ and ‘don’ts’ are. These include more emphasis on explaining rather than telling, expertise rather than hierarchy, giving resources and space, giving people time, and so on. In other words, we are talking about lots of careful husbandry, perhaps almost stewarding of these clever people and providing protection from some of the rubbish that goes on in organizations. We are talking about leadership that is almost under the radar screen and is much more to do with connecting people than showing off as a big charismatic leader.

Gareth Jones:

There is a big implication for organizational culture, because one of our findings is that clever people thrive in what we call a simplified rule environment; that is to say in organizations where there are few rules but everyone agrees with them. This is in contrast to what many bureaucracies produce, which is a sort of miasma of rules. In those
situations you kill creativity and innovation rather easily. That’s as true in a technology company like Cisco or Microsoft as it is in a creative organization like Universal Records or the BBC.

AC: Speaking of big companies, the book is based on research you conducted with Cisco, Credit Suisse, Microsoft and Google. Did you find any surprises in your research?

Rob Goffee:

We wrote an article in Harvard Business Review a couple of years ago called “Leading clever people.” Harvard summarized our arguments in their words as follows: “Be a benevolent guardian.” I think that’s the kind of conventional wisdom on leading clever people. Look after them, resource them, protect them, and give them lots of freedom. When we did further interviews in places such as Cisco, one of our surprises was the extent to which managers said that “yes, you need to do that, but you also need to balance it with discipline.” One of the really interesting questions is how organizations create some sort of discipline as a framework for integrating or connecting clever people inside complex organizations. Part of our interest in the book is the sources of discipline. Gareth referred to some of them a moment ago when he referred to simple rules, but you can also think about very strong values. Google or McKinsey will try and create some discipline by a very strict adherence to a strong culture. Contrast that with certain newspapers or universities for example, and I suspect they don’t recruit necessarily to a strong culture. They probably rely more heavily on professional standards and recognition from professional bodies which extend beyond the organization.

Gareth Jones:

I will give you a Microsoft example. We spent some time at the European Development Centre in Dublin, a fascinating place full of clever people. Here they have coding rules which developers must follow when creating a new operating system like Windows Vista. If you break the coding rules in order to produce a quick solution, and 9 months later this causes someone else a big problem, you are in big trouble. It is a set of rules that the developers impose on themselves. They are really strong rules that we all agree to.

I’d also say in terms of surprises, and this is particularly relevant for big investment banks, that if you aspire to be leader, just be careful that too big a knowledge gap does not open up between you and the people you aspire to lead. I suspect that when the dust settles on the credit crunch we will come to the conclusion that we had people heading up things that they really didn’t understand. The quantitative analysts in particular were just far, far cleverer than their bosses. That is quite dangerous, but it doesn’t mean that you have to be as clever as your people, because often you can’t be. It does mean you have to be in a position to ask good questions.

AC: Could there be any drawbacks to having too many clever individuals in an organization?

Rob Goffee:

I’m thinking of an interesting quote from one of our interviews with Fred Hilmer who used to run McKinsey Australasia and is now the Vice Chancellor of the University of New South Wales. He had experience of “clevers” in several different places, and we interviewed him before the world collapsed about a year ago. He said “Clever organizations go wrong fast.” In other words, organizations with lots of “clevers” in them have the capacity to go wrong fast. A couple of bad decisions, a couple of bad hires, a couple of bad assignments and all of a sudden the company goes off the rails. If you look at what’s happened over the last nine months or so and how quickly certain organizations like investment banks, apparently full of clever people, went wrong really fast, it is very interesting indeed. If you compare it to organizations less reliant on advanced kinds of specialized knowledge, they can do well for many, many years even though they are
slightly going off the rails. Indeed they can go on for a long time before eventually going bust.

Gareth Jones:

It isn’t just banks either. When we wrote the book, Lewis Hamilton had just won the Formula One World Championship with McLaren. The second part of the book begins with an analysis of the McLaren team, and then along comes this season! This season has been very difficult for them. This is made worse by the fact that clever people tend to believe passionately that they are right.

AC: You note that lots of management literature looks at how to make employees more valuable to an organization, but your book is concerned with turning this on its head. Can you tell us a bit more about this?

Gareth Jones:

Let’s go back slightly. Marx’s analysis of the fundamental dynamic of capitalism is that when a capitalist buys labour, all the capitalist buys is the potential to produce work. That is centrally the capitalist problem: how do I get Alistair to do some work? Alistair’s interest is to do as little work as possible for as much money as possible. Curiously, it is what most HR textbooks say! How do we engage Alistair? How do we motivate him? How do we increase his morale? Our view is that for the people in our book the problem is the complete opposite. They are already highly motivated as they believe that they are on the verge of a cure for cancer, or developing a new router which will connect the world even faster, or creating a new quantitative instrument that will enable you to trade in carbon. The issue isn’t about motivation; it’s about how you make your organization attractive for them to do their “stuff.” To give you a non-scientific example, Elton John will make music whether there are record companies or not. The issue becomes how you make your record company somewhere that Elton John wants to make music...

AC: Is there anything else you want to add about the skills needed to manage “clevers”?

Gareth Jones:

I’d add that the kinds of people we research are not very good at going to their leader and saying “I have a problem with X.” One of the phrases we sometimes use is that you need to “listen to the silences.” It is too late when you get somebody’s resignation letter. To use an idea from our previous book, it is a special kind of situation sensing.

AC: Do your ideas about managing clever workers transcend industry sectors and geographical boundaries?

Rob Goffee:

This is another really good question. My response is “yes” and “no.” We do think there are some generic kinds of rules which we mentioned earlier on, yet at the same time if you look at our earlier work you will see we are firm adherents to the idea that leadership or management is always contextual. In the middle and later sections of the book we talk a lot about different kinds of “clevers” in teams. Clearly there are contextual variations and some cultural variations too. We tried pretty hard in the book to talk to “clevers” all over the world.

Gareth Jones:

A rather good UK example would be the question about who should exercise leadership in the health service.

“I suspect that when the dust settles on the credit crunch, we will come to the conclusion that we had people heading up things that they really didn’t understand.”
That debate has gone round in almost a complete circle. When the Griffiths report was published in 1982, it suggested that doctors should do the medicine and professional managers should run the show. Tens of thousands of professional managers have been recruited into the health service. Some are now arguing that the best people to run the health service are people who understand medicine. There’s a very interesting debate here about knowledge-based businesses like health care. How much can you rely on something like a professional cadre of managers, and how much are you absolutely dependent upon people who have some real empathy with those who are doing the work? One of the key characters in our book is Jane Collins, a paediatric neurologist who runs Great Ormond Street hospital. She understands the world of the very, very talented individuals who make her hospital arguably one of the greatest in the world.

AC: Some of the words you use to describe clever people include skilled, talented, smart and powerful. These traits could easily be associated with personal, independent success. Why is it then that you believe clever people make their biggest contribution when they work as part of a team?

Gareth Jones:

If you were a very clever biochemist and you believed that you had found a novel therapy for hepatitis, you couldn’t develop it on your own. You would need toxicologists, clinical pharmacologists, packaging experts, and so on. You would find yourself almost immediately caught up in a large and complex organization in which one of your critical tasks would involve putting a team together which would enable you to develop drugs effectively. There’s very interesting literature about free agent nation, about people who can do it all on their own. That’s not really the people we are talking about here, these people require organizations around them in order to deliver.

AC: On the subject of teams, you state that creativity increases with diversity and declines with homogeneity. Can you elaborate on this? What are the implications for team structures?

Rob Goffee:

This is another idea that has emerged between our Harvard Business Review article and the new book. It is related to the fundamental dilemma of conducting a complex team, sometimes spread all over the world, over many years. You need a high level of cohesion, but at the same time you need scope for creativity. Creativity is linked to all kinds of interesting things such as serendipity, diversity and so on. The simple answer to your question is that the bigger the team, the more diversity you may have. It’s difficult to hold too much diversity together. The smaller the team, of course the more manageable it is, but you will have less diversity. There are some simple ideas here about scale, but there’s also some rather complicated underlying ideas about the difficult balance between holding a team together cohesively and at the same time enabling a sort of looseness which you need for the serendipity of creativity.

Gareth Jones:

What looseness gives you is an arena for assumption testing, the ability to explore cul-de-sacs, and so on. It is easy to build cohesion amongst homogenous groups. When you introduce diversity you get all kinds of benefits, but you get a new problem: how do we hold it all together? The task for clever teams is how to balance a necessary degree of cohesion with a certain looseness that allows for innovation.

Rob Goffee:

If you look at really interesting organizations like Arup, up to a point the company deliberately looks for people that don’t quite fit, i.e. people with different attitudes or ways of thinking. Too much diversity is driven by demographics, but the issue is different ways of thinking.
AC: Where do you see discussions about clever organizations and the clever economy in, say, five years’ time?

Rob Goffee:

One reaction to this – which isn’t necessarily the answer – is that in Europe, North America and the advanced industrial economies, we are not going to dig ourselves out of this hole by producing more cars. The future lies in the creation of clever economy jobs. My hunch would be that this issue is going to get more and more important. At the beginning of our conversation I said there was a bit of a gap between the leadership literature and the knowledge economy literature. Hopefully there will be a bit more interest in what needs to be done to create these new kinds of organizations. We do think there is a very big hole. Your question earlier on about making organizations more attractive is the area in which much more work is needed.

Gareth Jones:

You can almost see the future in microcosm in the debate about how we are going to regulate financial services. Here we are in the middle of an enormous economic crisis in which the demise of financial services was absolutely critical, and the question that we are all grappling with is “what would effective regulation look like?” If it became bureaucratic form-filling, we would kill the golden goose. On the other hand, we don’t want to go back to the days in which large investment banks controlled the world. We are struggling quite hard with the idea of how we allow financial services companies to be clever while in some way tying them into the wider political economy.

AC: Finally, are there any closing comments you wish to make?

Gareth Jones:

We have partly been writing about Cisco and Microsoft, but when doing the research of course you do find very clever people in schools, museums, hospitals, mental health care teams and so on. We wouldn’t want to leave the impression that you only find “clevers” in high-tech businesses.

Rob Goffee:

We always deliberately chose the word “clever” because it gets people thinking about what clever is, who is clever, and where they may be. The previous debates about “talent” or “knowledge workers” are too narrowly defined. I think it’s about time we thought about this a bit more critically in terms of where cleverness resides and how it can be developed.

Gareth Jones:

One of my favourite examples is when Albert Camus won the Nobel Prize for literature and he dedicated it to his teacher. Somebody, way in the past of Albert Camus, told him he could write and to keep going. That may have inspired him to produce some of the greatest literature of the 20th Century.

September 2009.

“We all talk about the emerging and growing knowledge economy, but the connection between leadership and the knowledge economy in terms of what is researched and written has not been made.”