

**"THE ANATOMY OF THE ENTREPRENEUR:  
CLINICAL OBSERVATIONS"**

**by**

**M.F.R. KETS DE VRIES\***

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\* Raoul de Vitry d'Avaucourt Professor of Human Resource Management, at INSEAD, Boulevard de Constance, Fontainebleau 77305 Cedex, France.

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**THE ANATOMY OF THE ENTREPRENEUR:  
CLINICAL OBSERVATIONS\***

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

*\*Human Relations, forthcoming*

**\*\*Raoul de Vitry d' Avaucourt Professor of Human Resource Management, INSEAD, Fontainebleau, France. Member of the Canadian and International Psychoanalytic Association.**

### **Abstract**

In psychoanalytic theory, studies of work behavior have been relatively scarce. Most of the existing literature concerns itself with cases of work inhibition or compulsion. Occasionally, one finds a discussion of people in the creative professions. No attention has been paid, however, to a major contributor to economic development in society, the entrepreneur. This contrasts sharply with the amount of attention given to entrepreneurs by other disciplines.

The object of this study is to better understand the dynamics of entrepreneurship, and in particular the work behavior of entrepreneurs. First, there is a brief overview of the role of work in psychoanalytic theory. Then a number of factors important to entrepreneurship are reviewed from the perspective of economic, sociological, anthropological, psychological and organizational theory. A case history is presented of one entrepreneur who chose to be treated through psychoanalysis. The intensity of this type of treatment means that continuity in observation is provided. This case study therefore offers a unique insight into the complex "inner theater" of one particular entrepreneur.

Previous research on entrepreneurship has identified a number of themes common among some entrepreneurs. In the entrepreneurial theater a need for control, a sense of distrust, a desire for applause, and resorting to primitive defensive mechanisms such as splitting, projection, denial, and the flight into action ("the manic defense") appear to be common. The behavior of a number of entrepreneurs also seems to have a cyclothymic quality. Moreover, for many of them, their narcissistic development tends to be of a "reactive" nature reflecting difficulties in the regulation of self-esteem. This case history illustrates these themes, and furthermore, shows that running a business is not necessarily a rational process. On the contrary, in many

instances, the process seems to be more a question of retrospective "rationalizing" of decisions already made. Finally, inferences are made about the person-organization interface by identifying some of the characteristics of the dramatic organization, a configuration typically created by a number of entrepreneurs.

## **THE ANATOMY OF THE ENTREPRENEUR: CLINICAL OBSERVATIONS**

The case histories I write...read like short stories. They lack the serious stamp of science. [However,] a detailed description of mental processes such as we are accustomed to find in the works of imaginative writers enables me...to obtain at least some kind of insight into the ...intimate connection between the story of the patient's sufferings and the symptoms of his illness (pp.160-161.)

Breuer & Freud (1893-1895)

### **The Psychodynamics of Work**

In his book *Civilization and its Discontents* (1930), Freud comments on the importance of work for adaptive functioning. He concludes that participation in work leads to the neutralization of instincts and helps to bind the individual to reality:

No other technique for the conduct of life attaches the individual so firmly to reality as laying emphasis on work; for his work at least gives him a secure place in a portion of reality, in the human community. The possibility it offers of displacing a large amount of libidinal components, whether narcissistic, aggressive or even erotic on to professional work and on to the human relations connected with it lends it a value by a means second to what it enjoys as something indispensable to the preservation and justification of existence in society (p. 80)

However, in the more than sixty years since Freud made his comments about the importance of work, the amount of material on this topic in psychoanalytic literature has been relatively limited. Only a small group of psychoanalytically oriented scholars have followed his lead and looked at the psychodynamics of work (Neff, 1965; Holmes, 1965; White, 1966; Jahoda, 1966; Kernberg, 1975, 1978; Levinson, 1972, 1981; Zaleznik and Kets de Vries, 1975; Rohrlich, 1980; Baum, 1987; Kets de Vries and Miller, 1984, 1987; Kets de Vries, 1989, 1991, 1993, 1995; Hirschhorn, 1988; Schwartz, 1990; Zaleznik, 1992; Czander, 1993.) Observations have been made from a number of different psychoanalytical perspectives (Greenberg and Mitchell, 1983; Czander, 1993.) For example, Menninger (1942) looks at work in the context of drive theory and stresses the role of work as a form of sublimation. According to him, work is one of the more effective ways to absorb aggressive energies and direct them more constructively. In contrast, Hendrick (1943) suggests that the "work principle" can be seen as an expression of a partial ego function. He calls it the instinct to master and examines work in the context of ego psychology. The presence of a "work principle" was further explored by White (1966) who introduces the notion of efficacy motivation. Lantos (1943, 1952) advocates a more developmental and cognitive point of view, comparing work with play. According to her, the work-related motive is self-preservation mediated by intelligence and reinforced by the conscience. In contrast, play is done for its own sake. In Erikson's developmental scheme (1963) the latency period is the crucial state during which individuals resolve their attitude toward work while growing up. Like Lantos, Erikson compares work to play, stating "to bring a productive situation to completion is an aim which gradually supersedes the whims and wishes of play" (p. 259). He calls this stage the period of industry. Two other scholars working at the interface of psychoanalysis and organizations (Jaques, 1960; Menzies, 1960; Hirschhorn, 1988) take a more object relations perspective and view work as a form of reality testing, and as a way to cope with the inevitable paranoid and depressive anxiety that is part of living.

If we shift from a meta-psychological discussion of work in the psychoanalytic literature to case histories we find that a number of these center on issues of work inhibition and work compulsion (Horney, 1947; Deutsch, 1947; Bergler, 1947; Oberndorf, 1951; Katz, 1957; Savitt, 1959; Weil, 1959; Hatterer, 1960; Halpern, 1964; Brown, 1971; Kramer, 1977; Hirschhorn, 1988; Kets de Vries, 1978, 1993.) These studies tend to emphasize themes such as unconscious oedipal guilt, fear of retaliation about aggressive and libidinal striving, and the unconscious association between success and oedipal triumph. They make inferences about the impact of excessive demands placed by the mother on the developing child thereby creating a lofty ego ideal and a punishing conscience. Intrapsychically, according to many of these studies, working becomes equated with the obligation to produce and is enforced by the fear of loss of love. Some of these writers see work inhibition not only as a passive form of rebelliousness, but also as a reflection of an unconscious wish to lose, to be humiliated. However Kohut (1971) looks at severe and chronic work disturbances from a somewhat different angle. He argues that these disturbances are "due to the fact that the self is poorly cathected with narcissistic libido and in chronic danger of fragmentation, with a secondary reduction of the efficacy of the ego" (p. 120.)

Predictably, given the attraction of psychoanalysis to the people working in the arts and letters, many of the case histories dealing with various forms of work disorders center on the problems experienced by creative individuals (Bunker, 1953; Katz, 1957; Hatterer, 1960; Gedo and Gedo, 1992.) But although this kind of person tends to take central stage in many of these case histories, there is some case material which considers professionals, students, and the unemployed. In-depth studies of senior executives, however, are almost non-existent. If executives are studied at all, very little attention is paid to the role of work in the overall scheme of things. One of the reasons for this sorry state of affairs may very well be that work is not a central

concern of clinicians. In their training more emphasis is placed on the role of non-work factors in human functioning.

### **Entrepreneurship: An Interdisciplinary Perspective**

Clinical information is particularly scarce about entrepreneurs, who form an extremely important group of people in the work force. This is unfortunate given the influence of entrepreneurs on present-day society. Their impact as initiators and creators of new businesses is considerable.

An entrepreneur is usually defined as an individual who is instrumental in the conception and the implementation of an enterprise. (The term is derived from the French word *entreprendre* - to undertake.). In this process the entrepreneur fulfills a number of functions which can be summarized as the managing-coordinating, innovation, and risk-taking functions. The latter two functions in particular characterize the behavior of entrepreneurs. Innovation implies doing things that are out of the ordinary by finding new opportunities. The risk-taking function draws on the entrepreneur's ability to deal with uncertainty and ambiguity; it concerns his or her willingness to take economic and psychological risks. Conceptually, in entrepreneurial behavior a number of stages can be identified: the idea, implementation, and formalization stages (Schumpeter, 1931; Redlich, 1949; Kets de Vries, 1970.) Because of the nature of their activities, entrepreneurs are major creators of employment and catalysts of change. Given their important contribution to the GNP, their *modus vivendi* warrants further investigation.

The almost complete absence of case material on entrepreneurship in psychoanalytic literature stands in stark contrast to the contributions on this subject from other disciplines such as economics, sociology, anthropology, psychology and



organizational theory. Research on entrepreneurship seems to be truly interdisciplinary. Not surprisingly, all these different perspectives contribute to a considerable amount of confusion as to what entrepreneurship is all about. This may explain the wide diversity of factors supposedly influencing entrepreneurship.

For example, from a sociological or anthropological perspective, a factor such as societal upheaval is considered to have considerable impact in the making of new entrepreneurs. Societal disruptions, which create status incongruities, and their repercussion on family life, appear to affect the choice of non-traditional career paths (Hagen, 1962.) Other studies indicate that entrepreneurs are more likely to come from ethnic, religious or other minority groups (Weber, 1958; Sayigh, 1962; Hirschmeyer, 1964; Kets de Vries, 1970.) The experience of feeling different seems to have an important influence on entrepreneurs. If the family of the entrepreneur does not seem to fit into the established order of things, their offspring may have little choice but to create a new niche for themselves in society.

Economists tend to discuss entrepreneurship in terms of a receptive economic climate (Schumpeter, 1931; Knight, 1940; Redlich, 1949; Baumol, 1968.) They refer to such factors as favorable tax legislation, the availability of risk capital, a well-functioning banking system, and the existence of "incubator" organizations like those found in Silicon Valley, Route 128 in Boston, or Sophia Antipolis in the South of France.

From a psychological perspective the emphasis has been on the assessment of specific entrepreneurial traits using a variety of psychological tests (Lachman, 1980; Hull, Bosley and Udell, 1980; Lynn, 1969; Timmons, 1978; Dunkelberg and Cooper, 1982; Brockhaus and Horovitz, 1986; Gartner, 1989; Shaver and Scott, 1991.) Unfortunately, because of a lack of consistency among instruments used and methodological problems, a very confusing and not always consistent psychological

picture emerges. Among some of the qualities regularly attributed to the entrepreneurial personality have been high achievement motivation, need for autonomy, power, and independence (McClelland, 1961, 1975, 1987.) Some of these studies define entrepreneurs as moderate risk takers, anxious individuals, who are "inner directed," meaning that they possess an internal locus of control (Lefcourt, 1976; Phares, 1967; Shapero, 1975; Pandey and Tewary, 1979; Brockhaus, 1980; Miller, Kets de Vries, and Toulouse, 1982; Venkatapathy, 1984; Kets de Vries, Zevadi, Noel and Tombak, 1989.)

There are also a few more clinically orientated studies concerned with the entrepreneurial personality (Collins, Moore and Unwalla, 1964; Collins and Moore, 1970; Zalesnik and Kets de Vries, 1975; Kets de Vries, 1977, 1985.) In these studies the entrepreneur's family background is given closer scrutiny. They suggest that the fathers of many entrepreneurs were self-employed. Familiarity with self-employment seems to facilitate the creation of one's own business (Kets de Vries, 1977.) In addition, entrepreneurs frequently describe having an absent (or an emotionally not present) father and a very overbearing, controlling mother. In addition, during interviews the themes of illness, separation and death in the family regularly emerge (Collins and Moore, 1970; Kets de Vries, 1970.)

Moreover, these studies indicate that the behavior of a number of entrepreneurs is not based on a secure sense of self-esteem and identity. Appearances can be deceptive, as their behavior is sometimes more of a "reactive" nature (Kets de Vries and Miller, 1985; Kets de Vries, 1989.) Many entrepreneurial individuals counteract feelings of low self-esteem, inferiority and helplessness through excessive control and activity. It also seems that many of these people cannot function in structured situations. They appear to be allergic to authority. They like to be in control.

Entrepreneurs with a reactive narcissistic disposition are continually in search of an admiring audience to shore up their fragile sense of self. Consequently, these entrepreneurs tend to surround themselves with yes-men, thereby depriving themselves of the function of critical thinking in their organizations. Within this sort of corporate culture the stage is set for possible crises in growth and succession.

What we can discern from these studies is that feelings of rejection, dissatisfaction and failure seem to dog many entrepreneurs inexorably. Their business career can be a roller coaster ride, with successes and failures alternating wildly. Achievement is felt not to be really deserved; failure is always expected.

### **An Entrepreneur on the Couch: Methodological Considerations**

Fascinating as these conjectures may be, the conclusions drawn from these studies are necessarily rather superficial. This is largely due to the limited ways (questionnaires or structured interviews) in which data are collected. These studies only touch the surface of the intrapsychic life of the entrepreneur. They do not unravel the complex mosaic of interpersonal relationships that creates the "inner theater" of these people. Truly clinical case histories are missing.

The paucity of clinical material in psychoanalytic literature about entrepreneurship indicates that entrepreneurs are unlikely to turn to psychoanalysis when they encounter personal difficulties. They are not given to the kind of self-reflection and inner orientation called for by psychoanalysis. Only in extreme situations will they choose psychoanalysis as a form of therapy. Although most of my research on entrepreneurship has been of the more traditional management type (Kets de Vries, 1970, 1977, 1985), I was fortunate enough to have an entrepreneur come to me for psychoanalytic treatment. This gave me the opportunity to study the inner world of

one entrepreneur in great depth. In presenting a clinical case study of an executive I follow a tradition started by a number of other researchers interested in the nature of managerial work. In their search for rich description, these students of executive behavior realized (for pragmatic considerations) that they had to limit their sample size if they really wanted to understand managerial behavior (Carlson, 1951; Stewart, 1967, Mintzberg, 1973; Kotter, 1982; Noel, 1984, 1991.) The subject of analysis in these studies, however, has been the general manager, not the entrepreneur.

Apart from this difference in subject, there is another distinction to my approach. Human behavior can be studied in various ways. The orientation of almost all the studies of managerial work listed above have been of a more behavioral ("objective") type. In this form of *extrospection*, the subjects' behavior is seen as data in its own right without reference to the previous experience of the observer. In the case of empathic, introspective observation, as represented by the psychoanalytic orientation, the subject's behavior is seen from the perspective of how the observer would feel, think and react in the same situation, using as an additional tool vicarious *introspection*. The interpretation of transference and counter-transference reactions plays a major role here. The observer incorporates and utilizes his own counter-transference reactions in arriving at conjectures (Menninger, 1958; Greenson, 1967; Racker, 1968; Sandler, Dare and Holder, 1970; Langs, 1976; Devereux, 1978.)

An additional comment is warranted. Although the sample size in the other studies of managerial work has been small, in no instance has it been limited to a sample of one as is this present case. However, the individual under investigation here was not studied for merely a few hours, a day, a week, or a month. On the contrary, he is somebody whom I saw for five fifty-minute sessions per week over a period of four years. This kind of continuity gives the analyst an opportunity to observe microscopic changes in mood states and behavior. Thus I hope that rich description will compensate for sample size. In presenting this case, my wish is to give the reader

insight into the complexity of the human condition and its effects on decision making in organizations.

As an aside, I would like to add that length of treatment is very much a consequence of the process of "working through" insights acquired during the analytic process, the time it takes to deal with resistances. Insight into the origins of many patterns of behavior can be acquired relatively quickly. However, in psychoanalytic treatment the bulk of the time is spent on the reporting, the experimentation and the exploration of new ways of dealing with present life experiences (Kets de Vries and Miller, 1984.) In this process the Chinese saying, "the eye cannot see its own lashes," is all too often true. To change established behavior patterns usually takes a lot of work as most people have a tendency (particularly in situations of crisis) to fall back on their old way of functioning. In human behavior we should not forget that the wish to recover is often strongly matched by the desire to cover.

Abstracting ideas and developing grounded theories from case observations is a well-established tradition in management (Glaser and Strauss, 1967, Geertz, 1973; Kets de Vries and Miller, 1987a; Schein, 1987.) The richness of the data, from a behavioral mode of explanation to one of psychoanalytic inference leading to true saturation and *thick* description, gives credibility to this kind of exploratory presentation by furthering the understanding of entrepreneurship.

In reading the material presented in the case study one should bear in mind the distinction between narrative and historical truth (Spence, 1982; Edelson, 1993.) What is important in a person's story is how he or she remembers it. That version of the truth will create the psychological impact that shapes personality and leads to dramatization and enactment of these stories. Psychologically, it is of lesser importance whether the recounted version is true to objective historical facts. In dissecting lives we have to realize that our sense of identity is very much the heir of the personal myth by which

we live, a myth that connects the past with the present (Hartocollis and Graham, 1991.) The psychoanalyst pieces these stories together from different fragments into an integrated whole. Deconstructing some of the key issues of this person's personal myth, finding a number of the salient themes that emerged during these years of analysis, may be of some help in arriving at conjectures about the entrepreneur's personality structure and the vicissitudes of entrepreneurship.

I would also like to add that this exploratory study has been enhanced by knowledge derived from a considerable number of structured and unstructured interviews with entrepreneurs, plus a large questionnaire-driven research database (Kets de Vries, Zevadi, Noel and Tombak, 1989.) Although these other studies have helped me to understand better the dynamics of entrepreneurship, none, however, has provided me with the kind of insight that I have derived from the clinical dialogues I had with my client. This case history permits a rare look at the inner world of an entrepreneur, and provides a rich store of information where the interplay of personality and environment, and the process of personal change, can be observed at great depth. The case material gives the opportunity to test some of the conjectures made about the entrepreneurial personality. It gives the reader a sense of the complex set of psychological interrelationships behind the behavioral observations. It also gives us a better understanding of the person-organization interface. It makes us realize that many of the management theories of how people make decisions in organizations are oversimplified and grossly inadequate. This case history makes clear that in many instances the explanations of why certain decisions are made turn out to be ex-post rationalizations.

Finally, it should be added that it is impossible to summarize in a short article what happens in the large number of sessions that make up the psychoanalytic treatment process. For the sake of brevity I have limited myself in this case history to a

number of salient themes which, in my opinion, affected this individual's relationship to work and his organization.

### **The Presenting Picture**

Mr. X, a 44-year-old entrepreneur, the father of four children, sought psychoanalytic treatment following separation from his wife after 21 years of marriage. In the initial interview he described how he had thrown his wife out of the house. Apparently, her increasing need for more independence had become a bone of contention. Her newly found assertiveness also came to the fore at work (she was employed in his business). He complained about her lack of caring, and suspected that she was emotionally involved with a younger man working at the office. In addition, he expressed his strong annoyance over the fact that his children had taken the side of his wife.

Mr. X's other complaints were rather vague at first, but after further prompting seemed to be of a depressive nature. He acknowledged that he had suffered from depression before, but that to the best of his knowledge it had never been so serious. As things were now, he felt completely worthless. Life had no prospects. He feared that he was losing his mind. His sorry state reminded him of the fact that his father had died in a mental hospital, a memory that still haunted him.

According to Mr. X, the cause for his present condition was the separation from his wife. Her departure also had serious repercussions at work as her role in the company had been quite important. As a matter of fact, her leaving had meant the loss of two valuable employees as the younger man had also left. Mr. X was now extremely worried about the future of the company and he wondered whether it would survive all this upheaval. He had been an active person but now felt paralyzed in the office. He

would sit for hours behind his desk staring into space. He could no longer make effective decisions. He was ashamed to admit that he had taken up reading horoscopes, using the information as a major input in strategic decision making. He feared bankruptcy.

Going to work had become increasingly painful. At the office he had only negative thoughts; how he would be humiliated by his bankers, creditors and customers; how they would gloat about his failure. And how his mother and other family members would react! Many times he had been completely unable to go to work. Instead, he would spend the day in bed. Even taking care of the everyday household chores had become more difficult. At work, he felt disoriented, unable to give directions or make decisions. This really troubled him as he had always felt proud of his activity and decisiveness.

Mr. X also listed a number of somatic complaints. Although he had been an excellent sleeper in the past, he was now troubled by nightmares and suffered from insomnia. Sores in his mouth and throat also caused him great discomfort. He suffered from severe headaches which affected his eyesight. On some occasions he had actually temporarily lost the vision in one of his eyes. He also complained of diarrhea and nausea. After the separation from his wife he had had relationships with other women but had been troubled by impotence. Physical check-ups had shown nothing wrong with him. The doctors he had consulted suggested that his problems might be of a psychological nature. He knew he needed help, and so, despite his initial reluctance, he decided to try psychoanalytic treatment.

### ***Background***

Mr. X was the youngest in a family of six. He had two brothers and three sisters. His father was a salesman who also dabbled in a few entrepreneurial ventures. Because of his work schedule, his father was not often at home. Mr. X remembered him as a



boisterous man who laughed a lot and brought him presents from his frequent business trips. He had always felt that he was his father's favorite.

When he was seven years old his father became bedridden. Having his father in the house gave the boy an opportunity to spend more time with him. He began to feel close to his father. Eventually, his mother and older sister had his father transferred to a mental hospital where he soon died. Mr. X was only eight years old at the time. Later, he wondered whether the hospitalization had really been necessary. The true nature of his father's illness, however, had been shrouded in secrecy. He had tried a number of times to find out what had really happened, but had not been able to uncover the truth. The whole incident seemed to have been suppressed as a dangerous family secret. Mr. X suspected that his father had committed suicide which, given his family's religious orientation, would explain the secrecy around the incident.

He described his mother as a very controlling, over-precise, critical woman who constantly worried about money and the future. After the death of his father she had to bring up the children alone, not an easy task since his father's death had resulted in a considerable drop in family income and standard of living. According to Mr. X, this affected his mother's entire outlook on life. He felt that she saw everything in a negative light. She would never make a positive comment. Nothing he did was ever good enough. He also described her as a perfectionist. He had never been able to live up to her standards. Apart from the death of his father, his childhood was described as uneventful and quite happy. He felt proud of the fact that he had been somewhat of a rebel as an adolescent.

### **Major Issues**

The themes which emerged during the course of analysis centered around Mr. X's relationships with women and his attitude to work. The tone of a large number of

sessions in the first phase of the analysis was pessimistic; life was seen as a sacrifice. He also had a terrible fear of being alone. With his wife gone, he felt completely deserted. According to Mr. X, he once used to have everything. Now things were different; his health had been ruined; his life was in a shambles. He felt worthless. He wondered what had kept him so occupied at work in the past. Thoughts of financial catastrophe preoccupied him.

Mr. X's inner world seemed to be one of fragmentation with no cohesive quality. It took very little to cause some form of disequilibrium. As a defensive reaction, in an effort to arrive at some kind of inner cohesion, it was extremely important to him to be in control. He revealed that throughout his childhood he had been scared of losing control. He was reluctant, for example, to fight with other children for fear that he would lose control and kill someone. Denial of inner reality and flight into external reality through work had become a way of life. His defensive structure, however, of escaping into action ("the manic defense"), was falling apart; it no longer seemed to work (Klein, 1948).

### ***Falling into Extremes***

Initially, in analysis, Mr. X resorted to the defense of "splitting," viewing everything as being either very good or very bad (Freud, 1966; Kernberg, 1975, 1985.) As symptomized by his dramatic mood swings, an all-or-nothing attitude prevailed. His behavior had a cyclothymic quality (AMA, 1994; Kets de Vries and Perzow, 1991.) Very little was needed to push him in one direction or the other. He had a knack for making mountains out of molehills; he tended to dramatize everything. For example, after having had an extremely intense, positive relationship with his company, during which he would tell everyone his wonderful vision of the future, the opposite was now the case. He detested the company and everything associated with it. Running a company was much too complex; there were too many things to think about. It was just too much trouble. He often felt like giving the company away. Similar feelings

were expressed about his car and his house. Possessions came with too many complications. His relationships with others were seen in a similar light. Obviously, this behavior pattern colored his relationships. It affected the way he ran the business. It influenced his relationships with customers and suppliers. And at times it led to disastrous action.

### *La Vie en Rose*

It soon became obvious that denial of feelings of depression through unrealistic optimism, laughter, humor, frantic activity and excessive control had always played an important role in maintaining Mr. X's psychic equilibrium. In this context it is interesting to note his attempts to fight his depressive state by eliminating negative thoughts. He had read a number of self-help books in an attempt to improve his ability to do this. For many years this had been one of his strategies of dealing with life, even though it had proved ineffective as he was not completely clear of what he needed to be helped for.

As analysis progressed Mr. X began to see his early relations with others in a different light. He was willing to admit to himself that his childhood had not been as happy as he had made out. He realized that he had always preferred recalling only happy memories. In reality, it had been difficult to be the youngest in the family. The other members of the family treated him like a baby. They never paid attention to his needs. They thought he was spoiled and incapable although he never felt that way himself. Looking back, he felt he had had a rough deal. Moreover, he now realized that growing up under these circumstances did not help him to develop a secure sense of self-esteem.

Mr. X recalled how he would panic when his father and mother went out in the evening. He would scream not to be left alone. He was afraid of being tormented by his brothers and sisters who were envious of him as his father's favorite. Mr. X's anger

was specifically directed toward his oldest brother, whom he detested. A major reason for his resentment was that this brother had tried to take the place of their father after his death. He also felt that this brother never treated him fairly, and made fun of him.

Mr. X remembered how, apart from screaming, he used to complain about physical symptoms to get attention and sympathy, to no avail. Only one of his sisters seemed to be willing to lend a friendly ear. Many times during therapy he would mention that the saddest thing he could imagine was to see a young child cry, an ill-disguised reference to himself.

Mr. X had conflicting memories of his father, a powerful, flamboyant man who brought him presents, but who also had a darker side. An image emerged of a father who beat his children. He recalled that his father would stifle his behavior, forbidding him to speak at the dinner table: "Children should be like flies on the wall; they should not be heard." He had also a oedipal memory of himself sitting in the car between his father and mother pulling at the gearshift to bring the car to a halt. But when that happened, his father had not been angry, instead he had shown an understanding of his son's budding assertiveness.

A more realistic picture of his father began to form. There was the kind, powerful man who catered to his needs. But then Mr. X would ask himself whether, in fact, his father had not been a very shallow person, a fake, all posturing masked by laughter. These reflections made him realize how much he was like his father. He acknowledged that he behaved in a very similar manner; he would cover up his real feelings by making lots of noise.

Now, when he thought about his father, he felt like crying. During the sessions this was interpreted as a belated process of grieving. Apparently, because of the secrecy around his father's death, true mourning had not really been permitted at the

time. Now, while he was mourning his father, a stark image appeared of an abandoned child crying into his handkerchief.

### ***The Medusa Women***

During childhood his anger towards his mother was reflected in his fear of becoming an orphan. He used to pray every night that his mother would not die. But he was also afraid he would sleep walk and kill his mother in his sleep. At the same time he had the irrational thought of hanging himself. Obviously, anxiety and guilt about his aggressive desires were regular companions. It took some time, however, before he recognized the origin and meaning of these feelings.

Gradually, in the course of analysis, he began to admit his anger toward his mother. He remembered how his mother would say that she should not have had six children, a statement which still troubled him. As the last child, it had made him feel unwanted. His arrival must have been an "accident." His mother had always seemed busy, never available. Because of her seeming indifference, it had become a major theme in his life to prove to her that he was worth having. He wanted her to be proud of him, to admire him. But whatever he had achieved in the business world, it never seemed good enough. She never gave him any praise. He blamed his mother for driving his father crazy (as he felt she was driving *him* crazy). He actually questioned whether his father had been crazy at all, and wondered whether his mother had just wanted to get rid of him when he became bedridden and found that putting him in a mental hospital was the handiest solution.

Given the kind of relationship Mr. X had with his mother, it doesn't come as a surprise that he treated women very circumspectly. He perceived them as dangerous, overcontrolling, not to be readily trusted. Here the splitting defense mechanism was also evident. Mr. X would divide women into the easy and the proper ones. He had

always been fascinated by prostitutes (and still was), but the fascination was accompanied by fear. Prostitutes were tempting but they could also be infected with diseases. He recalled an incident of visiting a prostitute. He felt that he had not treated her like other men. He had not taken advantage of her; he had gained her admiration. Paradoxically, he also remembered as a young adult that he had had many short relationships with women, treating them rather callously, usually dropping them when they became too clingy. He disliked feeling "choked."

It was clear that Mr. X felt threatened by women. His dreams illustrated the role women played in his inner life. In many of his dreams "phallic" women, portrayed as women with guns, would appear and lie on top of him, having intercourse while putting him in a passive position. He would wake up, frightened, feeling smothered. In other dreams, however, women would admire him from a distance. He described one dream in which he was persecuted by a number of large bees who kept sticking to him. They were almost impossible to brush off. He associated this imagery with all the women he had dealt with in his life. Women could cling and sting, but also give honey. They could repel but also give pleasure. Gradually, however, dreams emerged in which he became more assertive with women, not taking such a passive role. Most importantly, in these dreams the degree of anxiety he had previously experienced was missing.

### **The Importance of Work**

#### ***The Need for Control***

Starting and managing an enterprise had multiple meanings to Mr. X. It signified much more than merely a means of making a living. He had soon found out that working for others was too problematic; it had been too stifling. This had dawned on him early in life when he was employed by a German company. Being controlled by Germans was more than he could handle, particularly in light of his vivid childhood

memories of World War II. Indeed at times when he let his fantasies run wild he would associate Germans with baby killers. They wanted everything done by the book; they were perfectionists like his mother, they did not permit any individual initiative. While he was associating in this way, the irrational thought came to him that the Germans may have had some responsibility for taking his father away from him. Obviously in Mr. X's inner world there was some kind of connection between his mother and Germans. He had previously compared his mother to a Prussian general. She exerted totalitarian control. To be independent, to be in control, meant to be free from mother. His inability to work for other people (who would tell him what to do) made him decide to start on his own as his father had done before him. That was the only way to get some power, and no longer be subjected to the whims of others.

The importance of control became very clear in the transference process during analysis. During the sessions Mr. X's perception of the analyst would oscillate. At times I was perceived as the benevolent father figure. At other times, however, analysis meant domination. I would turn from an idealized, benign, all-powerful father into a nagging, controlling, never-satisfied mother. Lying on the couch, Mr. X even experienced physical sensations of choking. At times he wanted to be considered the favorite patient, at other times he wanted to quit. He would ask how much longer it would take before he was "cured," when he would be able to function on his own again. Obviously, "cure" in this context meant liberation from the "controlling" analyst.

Mr. X recalled how, as a child after his father's death, he had been troubled by their poverty, by his mother's financial preoccupations, by his inability to obtain certain things, by his envy of wealthier schoolmates. To these frustrations was added his insecurity about his position in the family. It had never seemed a safe environment. He always had to be on his guard. He recalled vividly an incident where his oldest brother cheated him of the little money he had. As a child he had vowed to change all that. He was going to have money. He was going to be a smarter businessman than everybody

else. However, even as an adult, when someone took advantage of him, it filled him with intense rage. This was an indication of the extent of his narcissistic vulnerability.

Setting up his own enterprise seemed to be overdetermined. But it also presented a paradox. It was a compromise solution in dealing with an injured self. By starting his own enterprise Mr. X combined a life of insecurity with the prospect of security. The excitement of dealing with an unpredictable environment became a way of warding off painful underlying feelings of depression. Owning a company also meant defying his mother who had always emphasized security. But it was also a way to be in control and escape her clutches. Moreover, starting a business could lead to great success. He could become financially independent. Who knows, he might even do better than his father or siblings, and force his mother to admire him. But, in addition to what the business meant to him intrapsychically, there was the thought that he had given his bedridden father a promise to amount to something. To be successful in an enterprise would be his way of fulfilling that covenant.

### *The Need for Admiration*

A central theme for Mr. X was that success in business would provide him with the admiration he sought. Deep down it also meant pleasing both parents. Success would make him special in their eyes; it would get their attention.

Thus it does not come as a surprise that he threw his wife out of the business when she started to compete and no longer admired him. In addition, her interest in his younger employee had revived oedipal concerns and sibling rivalry. It had also created a paranoid fear that they were going to steal his money. And money symbolized success, power and prestige. Without money he was not going to amount to much. After his wife left him, however, owning the company had suddenly become completely meaningless. Instead, it had turned into a symbol of defeat. Obviously, Mr. X found it difficult to go on without having a "cheerleader" around.



The episode with his wife also occurred at a time when he started to become concerned about aging, remembering that he had now reached the age at which his father had become bedridden and was sent by his mother to a mental hospital to die. For some time Mr. X suffered from a "nemesis" feeling, the sense of repeating the life script of others. He wondered whether he would share his father's fate. Symptomatic of this anniversary reaction was his hypochondriacal concern that he had cancer and was going to die.

### Love and Work

#### *Grandiosity and Depression*

As we saw earlier, managing an enterprise was a highly cathected activity for Mr. X. Success in business, and the consequent admiration he received, were very important for his self-esteem. During the course of the analysis, it became increasingly clear that as a child, Mr. X's emerging narcissistic needs never had been dealt with in an age-appropriate manner. Affection had always been a precious and rare quality during his infancy. With so many siblings, a negative, overcontrolling mother, and an absent (later deceased) father, there was not much love to go around. Responses to narcissistic striving had been lacking, causing problems in his regulation of self-esteem. His mother had never been able to give him the narcissistic supplies he needed. Fortunately, his father's interest in him had helped him somewhat to alleviate this, but his father's death at an early age had created a vacuum, leaving him even more vulnerable. This event had also revived oedipal guilt (as reflected in fantasies of being victorious over his father, but also feeling responsible for his death) further hampering age-appropriate growth and development. The kind of situation to which he was subjected resulted in the acquisition of many of the qualities listed by Miller (1979) in her description of depression and grandiosity. A "false" self, fragile self-esteem,

perfectionism, fear of loss of love, envy, un-neutralized aggression, over-sensitivity, a readiness to feel shame and doubt and restlessness were all evident. Mr. X's mother, depressed herself and possessing strong obsessional traits, had fostered the development of extremely high standards and a very severe, even punishing super ego. As a life style, Mr. X pursued ways to be "grandiose" as a cover for the ever-lingering threat of depression, which originated from his inability to fulfill the introjected expectations of his mother. To this was added the loss of the father whom he had never properly mourned. This needed self-image of specialness, this special form of narcissistic behavior, could be viewed as a compensatory, reactive refuge against never having felt loved (Kets de Vries and Miller, 1985; Kets de Vries, 1989.)

### ***Competition and Self-defeating Behavior***

Mr. X's account of his childhood years helped clarify the extent to which family members had been deficient in creating a supportive climate. His parents (for many different reasons) had not provided a good enough holding environment (Winnicott, 1975.) The situation deteriorated even more with the death of his father, whom Mr. X felt at the time to be his only protector. This unfortunate incident intensified the already intense sibling rivalry existing in the household. Ungratified narcissistic needs led to strong, poorly modulated aggression. Compensatory grandiosity led to competitiveness. This became a way of dealing with the world both in his private life and later in his business.

Mr X. was caught in a bind. On the one hand being subjected to the domination and terror of his older siblings and mother was a way (painful though it might be) of getting some form of attention. But, understandably, this form of relating was unsatisfactory. He hated it, and wanted to escape from it. His way of dealing with this psychological quagmire was his strong desire, as an adult, to avoid getting stuck in a similar situation. He needed to be in control. And if pain was involved, he would be the one to inflict it. He was never going to be a helpless victim again.

It is interesting to note that when in a triangular situation (an oedipal reactivation of the childhood situation) Mr. X experienced an even greater need to compete for attention. The women he desired most, those whose admiration he needed most, were the ones attached to powerful, successful business colleagues. At times, in order to impress these women, he would take impulsive business decisions that he would later regret. He also recalled that when his wife admired another man, his envy was so intense that he would fly into a rage. He would start a personal campaign to defile that person. Nothing would stop him. This state of mind had often led to inappropriate actions which endangered his business.

Mr. X's work habits had strong masochistic overtones. His intensive work behavior, his need to keep himself busy, his desire to be involved in everything, was driven by a great need for perfection. Nobody in the company could do things as well as he could. He would always find something wrong with the work of others. Acting in this manner represented his despair and rage about his inability to fulfill the archaic introjected expectations of his mother. Again, it demonstrated the internalization of a very punitive super-ego and a lofty ego ideal, the kind of high benchmarks he had set for himself. Moreover, he would externalize his mother's incessant demands and the ever-present criticism of his older siblings, and play a similar role toward his subordinates in his business. Predictably, as a boss he was very difficult to deal with. He was a slave driver.

But, as we have seen, playing the controlling, powerful businessman was only one of his leadership styles. There had been times when he was no longer able to handle the constant stress he had imposed on himself. Feelings of despair, of never being able to satisfy these internalized demands originating from childhood, would lead to a state of work paralysis. In fact, he had rarely found work pleasurable. Intrapsychically, it symbolized submission to authority; it was viewed as an obligation.

Somehow he felt assigned to the role of martyr in the larger scheme of things. Success, power, and money were elusive entities. They could be taken away at any time.

### ***The Symbolic Nature of the Enterprise***

The enterprise became an extension of himself, vulnerable to attack and easily prone to failure. It was much more than merely a business. In many ways it represented his own feeble self. In that respect, it was like a house of cards, ready to collapse. Of course the unpredictable way he run his business, with its negative effects on the behavior of his employees and company performance, added a dose of reality to this concern.

In one dream his business looked like a bombed-out church; in another, his business transformed into a sinking platform. Moreover, many dreams also contained an Icarus motif. In them, he would fly, trying to soar higher and higher. But this pleasurable interlude would soon be broken by feelings of anxiety. His wings were falling off and he might crash.

Also a considerable amount of the material brought up in analysis concerned machinery. Machines fascinated Mr. X. Many of his dreams centered around machines, reviving pre-oedipal and oedipal memories of preoccupation with his body image, physical functions, and sexual curiosity. In one dream he was hiding behind a machine and looking through the cracks, afraid to be caught; in another he was busy with a mud-throwing machine. His excitement about machinery and preoccupation with primal scene imagery seemed to be closely interwoven.

The enterprise also symbolized his ability to rebel. Setting up an enterprise somehow became a personalized statement of separation. It would make him a person in his own right. Unfortunately, however, he had only been partially successful in doing

this. The separation-individuation phase had never been fully resolved (Mahler, Pine, and Bergman, 1975.) The precariousness of individuation was indicated by the ease with which developmental conflicts became reactivated.

In addition, the business also took on the quality of a transitional object (Winnicott, 1975), a plaything evoking the illusion of unity with the mother and creating an intermediate area of experience. It resembled a space between inner and external reality, a place where he could re-enact his fantasies; through play he could master his anxieties. It is interesting to note that the kind of products made by his various companies could be retraced to these playful fantasies of childhood. The kind of imaginary companions he had had, the way he would magically transform his toys during play, all fulfilled a role in the eventual choice of industry, and the kind of products he was making. This lingering imagery very much colored some of his strategic decisions in the company and determined the selection of his portfolio of companies.

As a symbolic extension of his self, the business became his way of reparation: he would keep his "promise" to his dead father and care for the needs of the simultaneously repulsive and desired mother. Business success also provided Mr. X with the means to acquire confirming and admiring responses, bringing him the applause he needed to fight his inner sense of worthlessness and low self-esteem. The business became the means to acquire money, prestige and power, thus warding off feelings of weakness, passivity and helplessness. The enterprise also enabled Mr. X to recreate a family situation according to his wishes. His temporary wish to reorganize the company, go toward centralization, and put all his businesses under one roof (a very poorly-conceived business idea) could be traced back to this. As the owner of a business he could set up situations where he could take charge and make the rules. Through hiring and firing he could create an environment which would correspond to his alternating states of pessimism and grandiosity.

## **The Process of Change**

### ***Redressing the Balance***

In the course of the analysis, Mr. X's attitude towards the people in his life began to change. His relationship with his wife gradually became more balanced. Feeling more secure (having the opportunity to explore his reactions towards her during the sessions), he asked her out for a date. For the first time in many years they had a really meaningful conversation. More of these meetings followed. The "sado-masochistic" quality of their previous interaction disappeared. In their relationship it became less important to question who was controlling whom. He began to accept that his wife could be both assertive and affectionate. After a number of these trial encounters, his wife moved back into the house.

Another major change was apparent in his attitude towards his mother. He made a strong effort to empathize with her. He tried to understand what it had meant for her to suddenly find herself a widow with only limited means and a large family to raise. He wanted to end the psychodrama they had both become stuck in; he wanted to create a new type of relationship. To his great surprise he discovered that by behaving differently toward her, their relationship started to improve. This changed relationship gave him increased peace of mind.

Changes in his behavior were also noticeable at work. He made an effort to create a more relaxed atmosphere. He no longer needed to be so competitive. He became better at neutralizing his aggression. He no longer had regular outbursts of anger. He began to perceive the world as less threatening. He was less worried about competition. He was more at ease with his suppliers and customers. He had discovered that unrestrained aggression was not the only way to succeed in business.

Ironically, as a first step towards creating a more pleasant atmosphere at work, he fired an older woman whom he had hired soon after his wife had left him. This woman reminded him of his mother, with a similar pessimistic outlook on life. She had created a very negative atmosphere at the head office. Now, seeing things more clearly, he wondered what had ever made him hire her. Was it because he needed to have a criticizing woman around, for lack of an admiring one?

Mr. X no longer wanted to sell his business. At times, however, he fantasized about the money he could get for the company. It made him wonder how his mother would react if he showed her how much his company was worth. Maybe that would make her admire him. But he realized that he did not really want to let go of the company. Although it had become less of an emotionally over-invested entity, having his own business was too important for his psychic equilibrium.

Increased insight about the reasons for his behavior made working more pleasurable. Understanding why he behaved as he did widened his area of choice. He felt less like a prisoner of his past. Previously, he had had a need to create work, to be constantly busy. Without it, he felt lost. Now, however, he was making an effort to take life more easily, to find more effective ways of managing the business. He tried to redress the balance between action and reflection. He spent more time thinking about what he was trying to achieve.

Mr. X also tried to be less of a perfectionist, less controlling of others. He realized the importance of giving his subordinates space. They would learn by their mistakes, and should be allowed to make them. He realized that some of his best people had left the company because of the way he had been treating them. He was now trying to change this by hiring stronger people, individuals who were willing to stand up to him. He no longer viewed it as high treason if someone disagreed with him. He developed the ability to delegate. He became better in controlling his tendencies

toward micro management. He had less of a need to be constantly in the center of things. He became interested in developing his people, taking on the role of mentor.

The scope of the human resource function (previously restricted to salary and wage administration) was broadened. It became more strategically oriented. He started to invest in management training and development. He also began to make plans for management succession after having discussed the matter with his sons, who were interested in coming into the business. Together they decided that each son would run a part of the business. To prevent future conflict, each eventually could become majority shareholder of his share of the business.

Mr. X's new way of running the company was reflected in the very positive results on the balance sheet. As the corporate climate changed, and employees felt increasingly empowered, product innovation took off. An acceleration took place in the launching of new product lines. Employees started to experiment with better ways of satisfying their customers. Not only product innovation was on the rise but so was process innovation. Good corporate citizen behavior became the norm, implying that people were going out of their way to help each other be more effective in the organization. Market share increased, and so did profitability.

Mr. X struggled a long time with his need for power and prestige. There was a constant temptation to speed up the growth of the company. He realized that doing so was driven by his need to feel more powerful. But then he realized the danger of too rapid growth and overexpansion. For a long period in the analysis he would oscillate between the grandiose fantasy of building a conglomerate and his fears of its becoming too big. At times, he felt like the mythological King Midas; everything he touched seemed to turn into gold. But then he became anxious that growth might endanger his relationship with his wife and ruin his health. Being too conspicuous might also invite disaster. Others might grow envious and spoil his success, as often happened while he



was growing up. His depression and his symptoms of physical illness might return. Gradually, however, he began to see the relationship between his need to expand the company and certain key themes in his inner world. This gave him an increased sense of freedom, of no longer being a prisoner of the past. His actions became more balanced. It also made for more rational strategy-making. He stopped reading horoscopes. He became less impulsive when making decisions in the company. He was more able to delegate, not to interfere constantly in the actions of his other employees. He began to value constructive dialogue. All these changes improved the quality of decision making in his organization.

### **Organizational Implications**

#### ***The Keeper of the Key***

The case of Mr. X highlights a number of themes important to the understanding of entrepreneurial behavior. It corroborates some issues that have emerged in previous studies. Mr. X's history illustrates how a complex set of early object relations influences later attitudes towards work and the enterprise. For the entrepreneur, archaic self and object representations continue to have an influence throughout life; they are not easily given up or modified. The super ego can take on an extremely punitive quality; the ego ideal can become excessively lofty. As the case history illustrates, these psychological functions are really introjects derived from parental figures.

Mr. X is one among quite a few entrepreneurs that are prone to mood swings. Many have a behavior pattern that alternates between states of grandiosity and depression. As we have seen this type of imbalance is caused by impaired narcissistic development and leads to a very fragile sense of self-esteem. The mental equilibrium of entrepreneurs can easily be disturbed, triggering outbursts of rage or bouts of

depression. Of course, this kind of mental state will affect their behavior and actions in their organizations.

Their narcissistic behavior is characteristically of a "reactive" type. Although they may present a convincing facade, many of them never feel that confident inside. Their behavior is not based on a secure sense of self. To many entrepreneurs, the fear of failure and the fear of success are inseparable companions. Success is frequently accompanied by fear that it will not last.

As a caveat it should be mentioned that there is also such a thing as "constructive" narcissistic development. Entrepreneurs who belong to this group do not feel the same need to distort reality to deal with life's frustrations. Nor are they as prone to anxiety. Their behavior does not have this "cyclothymic" quality of reactive entrepreneurs. These people are characterized by a greater sense of balance. The business is less vital for their mental equilibrium. Given their ability to "play," they have access to numerous other outlets. They are lucky in that they acquired a strong sense of self-confidence while growing up, based on the strong encouragement of their parents. Their way of dealing with the world is a continuation of this pattern. These people generate a sense of positive vitality and self-worth.

For entrepreneurs of the reactive type, however, the enterprise becomes a highly emotionally charged entity and can be viewed as an extension of the self. It is not just an enterprise; it is part of the entrepreneur's identity. It can also possess the qualities of a transitional object. It allows for play but also becomes an instrument for coping with depressive affects. In addition, as a transitional object the business helps the person take on the challenge of moving from dependence and symbiotic attachment to individuation and autonomy. Moreover, to add to the symbolic nature of the enterprise, the business is also a means of repairing the hurts of childhood. Starting a

business enables the entrepreneur to acquire an admiring audience needed to nourish a fragmented self.

In the entrepreneurial theater a need for control, a sense of distrust, a desire for applause, and the resort to fairly primitive defensive mechanisms such as splitting, projection, denial, the flight into action ("the manic defense") are fairly common themes. We have also seen (and this is not only valid for entrepreneurs) how work can become a way of channeling aggression. Although in most instances aggression tends to be directed outwardly, at times, because of unresolved guilt, individuals may redirect aggression toward themselves, making for work compulsion and inhibition.

### *Rationality versus Ex-Post Rationalization*

The case of Mr. X has illustrated that running a business is not necessarily a rational process. As a matter of fact, it is often the contrary. Strategy making is basically a very messy business. As we have seen, in real life decision-making is far removed from the description in management textbooks. The way a business is managed is very much influenced by the inner make-up of the key power holders. These key people are rarely dyed-in-the-wool economists, acting according to rational principles. In many instances, top executives do not follow the "prescribed, rational" process of analyzing the environment -- doing a competitive analysis, looking at the key competences of the company, and arriving at a "master plan" -- as many management scholars suggest (Chandler, 1962; Ansoff, 1965; Ackoff, 1970; Allison, 1971; Andrews, 1971; Steiner and Miner, 1977; Hofer and Schendel, 1978; Mintzberg, 1989.) On the contrary, as the case history of Mr. X demonstrates, they may have a master plan, but its rationale is very much driven by an individual's deeply-rooted "inner theater."

By going below the surface to study an individual's inner theater, as we have done in this case, one can often find a rationale behind his or her actions. People act

according to their core conflictual relationship patterns (Luborsky, 1984; Luborsky, Crits-Christoph, Minz, and Auerbach, 1988.) Deciphering these patterns is not easy, however. Although the case of Mr. X may be an extreme example, it illustrates that a clinical investigative approach to organizational analysis goes a long way towards making sense out of an individual's behavior and the effect on his or her organization.

This example has also illustrated that a CEO is a major actor in the play, and not, as has been argued by some management scholars, a person with a minimal role in how companies perform. People who hold this point of view suggest that there are iron-clad laws in the environment that determine the evolution of the business (Pfeffer and Salancik, 1978; Hannan and Freeman, 1977; Aldrich, 1979; Porter, 1980, 1985, 1990). However, as illustrated in Mr. X's case, CEOs do make a difference, for better or worse.

In this example we were able to observe how seemingly "irrational" behavior permeated all levels of the company, influencing its strategy, structure, and organizational culture. Most disturbingly, the dysfunctional elements in Mr. X's leadership style were laying the groundwork for corporate failure.

### ***The Dramatic Organization***

This case study makes clear the extent to which organizational pathology mirrors individual pathology, the latter leading to various forms of problems, particularly poor performance. Mr. X's behavior highlights the dynamics of the person-organization interface particularly in situations where power is very much centralized. Power holders tend to create companies that are compatible with their inner world and their specific personality make-up. Previous research has described the kind of company created by Mr. X as a dramatic organization (Kets de Vries and Miller, 1984a, 1984b.)

In dramatic organizations everything seems to revolve around the leader. Leaders of dramatic companies, because of their great need to impress others and command their attention, often attract subordinates with dependent personality structures. This type of follower will subordinate his or her own needs to those of the leader. Consequently, at lower management levels there is little reflection or analysis, since the subordinates rely on the inspired judgement of their boss. Obviously, independent-minded executives do not last long in this kind of environment.

Leaders of dramatic firms often lack self-discipline; they have a poor capacity for concentration and a tendency to overreact. This attitude permeates throughout the organization since there is nobody powerful enough to counterbalance the leader. This type of leader tends to centralize power and restrict initiative. Their attitude may alternate between extremes of over-idealization and devaluation. Second-tier executives retain too little influence in policy making. The outcome of all this is that dramatic firms tend to be hyperactive, impulsive, dramatically venturesome, and dangerously uninhibited.

As illustrated in the case of Mr. X, this rather impulsive type of leader depends on hunches and impressions rather than facts. Seemingly rational action turns out to be ex-post rationalizations. Hence dramatic leaders like Mr. X create an idiosyncratic environment, for example entering new product markets while abandoning others at a whim, putting a a sizable portion of the firm's capital at risk. Audacity, risk-taking, and new ventures are the corporate themes. Deeper interpretation of Mr. X's behavior has made clear, however, that the basis for many of his decisions had very little to do with a rational analysis of the relevant facts. Many of his actions were based on stark themes in his intrapsychic world.

The structure of dramatic firms is usually far too primitive for their broad markets. Too much power is concentrated in the CEO, a micro-manager who meddles

even in routine operations. Another problem follows from over-centralization: namely, the absence of an effective information system. As the case of Mr. X illustrates, leaders of dramatic firms do not carefully analyze the business environment. They react according to a pre-determined script in their inner theater, rather than dealing with the factual information needed to do a thoughtful analysis.

The case history illustrates the delicate interplay of person and organization. It shows the enormous impact senior executives can have on the design and overall functioning of an organization. The way in which the intrapsychic themes of these people are translated into external reality often determines the success or failure of their enterprise.

### *In Defense of a Certain Amount of Crazyness*

Venture capitalists, investment bankers, people acquiring entrepreneurial businesses, or individuals who work for an entrepreneur – anyone who deals with an entrepreneur – would do well to heed the complex drama playing in the inner world of these people; they will profit by looking beyond the surface of things. It will help them understand what otherwise could be brushed aside as irrational behavior and action. They will discover the extent to which many decisions in organizations turn out to be ex-post rationalizations. Unfortunately, all too often, when studying entrepreneurial behavior, the complex mosaic of contributing factors that leads to peculiar actions is often neither recognized nor understood.

Obviously, the individuals who should be the most concerned with this inner world are the entrepreneurs themselves. Entrepreneurs who resort to a "manic" defense, who never ask themselves why they are running, or where, are in for an eventual shock. The darker side of entrepreneurship can have a devastating effect; all too many entrepreneurial businesses self-destruct because of such behavior patterns. Too many entrepreneurs are self-made prisoners of their past; they get themselves

stuck in a vicious circle. To break the vicious circle, however, is difficult without some form of professional help. The recognition of this need is a step in the right direction.

For many entrepreneurs, however, the early warning signs may not function. They only realize that they are in trouble when it is far too late. They are not able to balance action with reflection. They have no sense of the continuity between past, present, and future. Unfortunately, it is true to say that those who do not understand the past are forced to repeat it. If more entrepreneurs were aware of the fact that they are the keepers of the keys to their own prison, if they accept the "craziness" inside them and not run away from it, they would make more of an effort to do something about it, if needed.

On the other hand, it is also important to point out that entrepreneurs do not necessarily have greater personal problems than other people. Entrepreneurs, like other people, have their own unique way of dealing with the vicissitudes of life. We should not forget that in personality development there is a continuum between what is considered normal and pathological, just as there is a continuum between waking and sleeping, and between childhood and adulthood. Entrepreneurial individuals occupy their own specific position on this continuum of normality and pathology. They are certainly not excessively conventional "normopaths," however. It is their mix of the creative and the irrational that make many entrepreneurs so successful.

The history of Mr. X presents an example of a person who realized in time that something had to be done to prevent self-destruction. And in his case, as the CEO of a company, his self-destructive behavior had an even greater impact as it affected the lives of many of the people in his organization. Mr. X managed to take charge of his life, however; he refused to be a passive bystander and allow himself to be swept away by the power of these intrapsychic forces. In providing us with a glimpse of what was

happening in his inner world, Mr. X's story has also enriched our understanding of the dynamics of entrepreneurship.



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## MANFRED F.R. KETS DE VRIES

### *Biographical Note*

Manfred F.R. Kets de Vries holds the Raoul de Vitry d'Avaucourt Chair of Human Resource Management at the European Institute of Business Administration (INSEAD), France. He is clinical professor of management and leadership. He did a doctoral examination in economics (Econ. Drs.) at the University of Amsterdam (1966) and holds an ITP certificate (1967), a MBA degree (1968) and a DBA degree (1970) from the Harvard Business School. In 1977 he undertook psychoanalytic training at the Canadian Psychoanalytic Institute and in 1982 he became a member of the Canadian Psychoanalytic Society and the International Psychoanalytic Association. He is a practicing psychoanalyst. He has held professorships at McGill University, the Ecole des Hautes Etudes Commerciales, Montreal and the Harvard Business School. Kets de Vries' main research interest lies in the interface between psychoanalysis, dynamic psychiatry, and management. Specific areas of interest are leadership, cross-cultural management, career dynamics, organizational stress, family businesses, and the psychological systems making for corporate transformation and change. Kets de Vries has written ten books and over a hundred articles. His latest books include *Handbook of Character Studies* (1991), *Organizations on the Couch* (1991), *Leaders, Fools and Imposters* (1993) and *Life and Death on the Executive Fast Lane* (1995). Kets de Vries' books and papers have been translated into ten languages. He also has written numerous case studies. He is a consultant on organizational design/transformation and strategic human resource management to US, Canadian, European and Asian companies.