

**The Three Faces of Peter the Great  
Leadership Lessons from the  
St. Petersburg's Founder**

by

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## Abstract

Peter the Great was arguably the most effective transformational leader in Russian history. He turned the country away from its past toward European civilization, acquired strategically important territories in the West, created an army and a navy, and centralized government, all of which served Russia for the next 300 years. His leadership agenda and style were strongly influenced by events in his early life, which produced the violent and visionary recurring themes of his “inner theater”: the fear for his own safety and for Russia’s future, the desire for revenge against his enemies, the need for total freedom of action, and the urge to change things for the better. Peter’s “inner theater,” conditions in Russia at the turn of the 17th century and situational factors produced three different leadership styles which were present throughout his life. Peter, as CEO of Russia Inc., demonstrated behavior and competencies consistent with effective leadership in the modern world, while his darker side was characterized by a somewhat erratic leadership enforced through humiliation and horror. Peter was not born with a vision for reform, rather he developed the vision as the reforms progressed. Though very opportunistic in his actions, the Russian tsar was remarkable for his ability to focus on the future and for his determination to realize his ambitions. He played a disproportionately large role in ensuring the success of his reforms. His energy, his continuous personal education and development, his extraordinary capacity to lead by example, his speed and decisiveness, and his creation of a new culture all provide benchmarks for every change leader. However, his mistakes were as spectacular as his achievements: he failed to develop a critical mass of change agents within the different strata of society and he did not prepare a successor, thus placing the continued course of reform in jeopardy after his death.

“He’s God, he was your God, oh, Russia”

M. Lomonosov

“Academician, hero,

Seaman or carpenter

He was full heartedly

A perpetual worker on the throne”

A. Pushkin

“He (Peter) was a Bolshevik on  
the throne”

N. Berdyaev

In June 2003, celebrating the 300th anniversary of St. Petersburg in the company of world leaders, President Putin called Peter the Great, the city’s founder, a “great tsar,” “a great reformer” and “a great Russian leader.” According to opinion polls, ordinary Russians agreed with their President. Peter the Great has been consistently ranked first in polls asking “Who is the greatest Russian leader of all time?” Russian popular memory maintains an image of a no-nonsense reformer, who fought his enemies hard at home and abroad in order to make Mother Russia great (Peter the Great: Pro and Contra, 2001). However, there was less of a consensus when Peter died suddenly in 1725: while a small group of followers mourned the loss of “God’s son,” if not God himself, the overwhelming majority of Russians quietly celebrated the departure of a monster or Antichrist (Kluchevsky, 1989). Three centuries have smoothed these sharp differences; however, even if the overall importance of Peter’s reforms is no

longer questioned, his specific deeds and his larger-than-life figure still spark controversy (Peter the Great: Pro et Contra, 2001).

At the turn of the 21st century, Russia is undergoing changes comparable in scale with **those** the country had to go through 300 years ago under Peter's leadership. New Russian political and business leaders look at the great tsar's towering figure with admiration, interest, and fear: "What can we learn from him and how can we succeed if the challenges that he, the mightiest, fought 300 years ago are still present?"

In spite of the centuries-long fascination with the great tsar and extensive research into his life, little has been said about Peter as a transformational leader. He has largely escaped the attention of management scholars – an attention that his 30-year leadership Odyssey more than deserves. This paper attempts to look at Peter and his deeds through the prism of modern leadership concepts, to explore his leadership style and its sources, and to draw lessons for today's change managers in business and politics. It will start by acknowledging Peter's achievements as a head of the Russian state; it will trace the major themes of his leadership agenda, and some specific behaviors originating from his childhood and adolescence; it will present his three different leadership operating styles; and it will conclude by discussing components of his transformation's success such as his extraordinary leadership by example, his construction of new institutions rather than the reorganization of existing ones, his promotion of new people rather than the re-education of an existing elite, his own personal education and development, his focus on the future, his speed and decisiveness, and creation of a new culture.

### **Staggering Results and Enormous Costs**

Peter Romanov was proclaimed one of Russia's tsars in 1682 at the age of ten, sharing the throne with his sick stepbrother Ivan up to 1696; from that time until 1725 Peter ruled Russia as its absolute monarch. Peter's works were enormous and have no comparison in the history

of the Russian monarchy – arguably only Stalin’s transformation of the 1920–1940s can match them in scale and depth. One of the most talented of Peter’s followers, Nepluev, wrote in his diary after learning about the great emperor’s death: “This monarch brought our motherland to a level comparable with others [nations], he taught us to recognize that we were also human beings...Anything that you see in Russia has him at its root, and everything which is going to happen will come from this source” (Kluchevsky, 1989). The changes that Peter brought to Russia were profound: in many respects he changed the way of life and laid the foundation for the country’s development for the next 300 years. Some of the most important results of Peter’s almost 35-year reign include:

**Territorial expansion.** Peter’s wars and diplomacy gained for Russia about one million square kilometers of new territories in the West and East; but most importantly they changed its geopolitical situation, made it part of Europe and finally ensured its security from Turkey and its Crimean allies in the South. Newly acquired territories in the Baltic were economically and politically more advanced than Russia proper and for many years served as models and provided important sources of administrative and scientific talent. Peter built St. Petersburg and other new cities (Ekaterinburg, Petrozavodsk, Omsk, etc), which still play a key role in the country’s life.

**Opening the world for Russia.** Peter broke with a long-standing tradition of isolationism and forever changed Russia’s position vis-à-vis the rest of the world, turning her focus away from herself toward civilized Europe. Ever since, “the West” has become a permanent factor of Russian life and politics, simultaneously a model and an object of envy.

**Economy and public finances.** Peter's reforms significantly increased the amount of cultivated land and the level of agricultural output. He laid the foundations for Russian mining and manufacturing industries by establishing over 300 mines, mills, and factories. The great tsar overhauled the fiscal system, balanced the central budget after many years of deficit and increased its receipts threefold. Uniquely in Russian history, he built up a financial war chest for his successors, which they later squandered on personal consumption.

**Social structure and central government reform.** Peter brought clarity to the social infrastructure and the opaque administrative system of 16th and 17th century Russia. Out of the confused mosaic of Russian society, he created four "classes" – *dvoryane* (landowners), clergy, free townspeople (merchants, craftsmen, laborers), and serfs (subjects of the State, Church, or private landowners). For the first time in its history, the tsar subordinated all Russians to the State – all subjects had to pay taxes, and all except the clergy had to undertake military or civil service. Peter designed a huge bureaucratic machine to run the centralized state, with military, civil, and religious branches reporting to the absolute monarch. This model, with some alterations, served the country for the next 300 years, even during the years of Communism.

**Education and science.** Peter built a solid foundation for Russia's reputation as an academic powerhouse of the 20th century. He introduced mandatory education for the male offspring of landowners, with study trips to Europe. He founded the Academy of Sciences, the first institutes of higher education, newspapers, libraries, and museums, and organized primary schools for peasants. The tsar brought in foreign books and foreign technologies on a massive scale and hired foreign academic talent to work in Russia.

**The army and navy.** Peter equipped Russia with two mandatory attributes of a European power in the 18th century – a regular army and navy. The tsar departed from the ancient tradition of mobilizing landowners to form the core corps of the Russian army in times of war and instituted an army model under which career officers from the *dvoryane* (nobility) commanded permanent military units consisting of draftees from the lower classes, primarily peasants. By 1725, Russia had one of the largest military forces in Europe, with over 200,000 soldiers, 48 battleships, 800 galleys, and 28,000 sailors.

As is often the case with great transformations, Peter and his contemporaries worked hard to plant the tree; future generations enjoyed its fruits. The human and economic cost of Peter's reforms was enormous. To develop his favorite projects – the army, the navy, St. Petersburg, roads and canals – he mobilized millions of people, invented dozens of new taxes, and continuously extended the capabilities of thousands of his subordinates. Hundreds of thousands of people perished in wars and construction projects, and from hunger and disease. Historians put the human cost of his reforms at around 500,000 lives (Kluchevsky, 1989). Many landowners and their serfs went bankrupt – whole peasant villages fled from mobilizations and tax collectors. People rebelled, and many remote areas became dangerous or even inaccessible to central government officials. All social strata grumbled about the reforms and felt an enormous relief when the great tsar passed away.

### **The Making of a Leader**

Effective leaders mobilize people and use their energy to achieve extraordinary goals (Heifetz, 1994). They create an attractive picture of a the future and inspire their followers to rally behind it (charismatic role); they direct their efforts and provide their followers with the tools and instruments to work toward achieving that vision (architectural role); and they select

and nurture future leaders who will carry their message deep into the organization and ensure its transmission to future generations (developmental role) (Kets de Vries, 2002). Effective leaders balance these three roles and achieve extraordinary results through their followers' concerted actions.

At first glance, Peter and his reforms do not measure up to this model. Unlike other great imperial reformers such as Alexander the Great or Temerlan, he was not born with a divine life-mission. Until his mid-20s, Peter did not even demonstrate any interest in his profession, governance. Later, he was often contradictory in his actions and compelled rather than inspired his followers, and he left no successor. Yet his achievements are unmatched in Russian history. To understand Peter's leadership style and to understand why it was successful, we need to shed some light on his personality, the task he was undertaking, and the people he had to work with (Kets de Vries, 2002).

## **Peter's Personality**

Our early development shapes our personality and determines major themes in our futures; it has a tremendous impact on the agenda of future leaders (Erikson, 1963; Kets de Vries, 2002). Peter the Great had a complex personality and rich, often contradictory "inner theater" themes, which guided his actions throughout his life and could be traced to the experiences of his childhood. Several themes dominated Peter's "inner theater" throughout his life: 1) a fear for his personal safety, a hatred of and a need to revenge himself against the "old Russia"; 2) a desire for total independence in his actions and control over his environment; and 3) a need to change things for the better through technical and social innovation.

### Fear for Personal Safety

Peter was born in the Kremlin on 30 May 1672 to Natalia Naryshkina, the second wife of the ruling tsar, Alexey. The Kremlin was a hotbed of intrigue, the result of various court factions

constantly seeking power in the vacuum created by the weak leadership of Peter's father, who died when he was four, and his two older half-brothers, both of whom suffered from ill health. Peter was surrounded by his mother's relatives and allies, who saw him as a future tsar, one who could ensure their key role in any future government and protect them from revenge-seeking relatives of Alexey's first wife. One of Natalia's allies Artamon Matveev, close adviser of Tsar Alexey, who had progressive views and a pro-Western orientation, spent long hours with Peter bringing him military toys and pictures.

In 1682, when he was ten, Peter witnessed the massacre of Matveev and others of the most influential Naryshkiny loyalists by the *Streltsy* (royal guard), who rebelled against Natalia's attempt to take the throne after the death of Tsar Phedor, Peter's older half-brother.

Both Ivan and Peter were proclaimed tsars with their older sister Sophia as regent. Natalia withdrew, with her son, to the royal summer residence at Preobrazhenskoye, thinking it would be safer there. Later, in 1689, on hearing of Sophia's attempt to remove him from the throne, the otherwise brave and ferocious young tsar had to flee in his nightgown, riding 60 miles to seek sanctuary at the Troitsko-Sergieev monastery.

The drama of the early years ingrained in Peter's psyche a permanent fear for his life, and a hatred and distrust of the old Moscow court. Later, with a single-minded determination, he wreaked his revenge and completely destroyed the *Streltsy* rebels, executing thousands of them and disbanding the royal guard. Many years later he even tortured and killed his only son, Alexey, on the suspicion that he had liaisons with the Old Moscow clique. Eventually, he moved the capital away from Moscow and changed his title from Russian "tsar" to Western "emperor."

### Independence and Control

Semi-exile at Preobrazhenskoye allowed the extremely energetic boy to spend more time playing, but Peter's games were serious and involved hundreds and even thousands of

people. Obsessed with the military, Peter began to form his *poteshnyy* (play) army when he was 12. This army consisted of young boys from noble families and their servants, who trained under the command of foreign mercenaries. The army conducted large-scale exercises, which lasted days and nights and each time left dead and wounded. Peter was in the front ranks learning the fundamentals of military tactics. By 1692, his army had become a well-trained force numbering 30,000.

Early success in building the 'play' army convinced Peter that he was capable of achieving anything he wanted under any conditions, as long as he was in charge. The need to have absolute freedom and control remained with him all his life.

This high degree of freedom and lack of a father's restraining presence made the future tsar a very informal, freedom-loving, straightforward individual, who hated ceremony and regulation. After marrying a Russian princess at the age of 17, he later sent her to a convent in order to enjoy the company of his first love, the daughter of a German merchant. In 1712, he shocked Russian society again by marrying a divorced woman from Lithuania who had been captured by Russian troops ten years earlier.

At Preobrazhenskoye, Peter discovered a number of woodcarving and metalworking tools and simple machines and fell in love with craftwork. A consequence was that, throughout the rest of his life, he saw the environment, in all its forms, as a flexible building resource for his projects rather than as a restraining factor. He expected people to function like machines and, when they failed to do so, replaced them with new ones.

While at Preobrazhenskoye, Peter was not completely cut off from court life: along with his half-brother Ivan, he had to attend official ceremonies, primarily audiences for foreign ambassadors. Long rituals bored him, but Peter learned much about Russia's relationships with the outside world, its foreign policy, enemies and allies.

### Curiosity, Change, Innovation

Wandering around Preobrazhenskoye, young Peter discovered *Nemetskaya Sloboda* (“German” or “Foreign Village”), home to Moscow’s fast-growing expatriate community. He made many friends there, including his future political advisor and mentor, the Swiss adventurer France Leforte, his military counselor, Scotsman Colonel Patrick Gordon, and his shipbuilding master from Holland, Franz Timmerman. There he learned to speak Dutch and German, recruited officers for his play army, and extended his skills in metal and woodwork. He also immersed himself in the study of applied mathematics and physics with very specific goals in mind: marine navigation and artillery.

The speed and enthusiasm with which he embraced the customs of *Nemetskaya Sloboda* was to a large extent driven by a powerful desire for an alternative to Russian tradition. He broke away from the tightly knit network of the Moscow court and found a link that connected him to a world of new people, ideas, and institutions from which he drew many reform components and the tools to implement them. In terms of network science, one random link had dramatically expanded Peter’s social capital and knowledge base (Watts, 2003).

### The Last Class – the European Trip

Regaining absolute power after his half-brother’s death in 1696 at the age of 24, Peter did not initially show much interest in governing the country. He preferred to spend time playing military games, building ships for the future Russian fleet, and attending wild parties at *Nemetskaya Sloboda*. His mother’s relatives governed Russia in the meantime. Following in his predecessors’ footsteps, believing that military force was more effective than diplomacy, he ordered two military expeditions (1695 and 1696) against Turkey, in which he participated as an artillery officer, while Gordon, Leforte, and a Russian, General Golovin, played the role of collective commander-in-chief. The second campaign succeeded and gave Russia control over a northern part of the Azov Sea.

In 1697, Peter embarked on an 18-month journey through Western Europe, where he worked as a shipbuilder in Holland and England, learned cannon-making in Germany, conducted informal negotiations with dozens of European monarchs, and attentively studied their systems of government. The young tsar, who traveled under the name of Peter Mikhailov, did not play the VIP. He immersed himself in what he saw, grinding metals, carving wood and even operating on cadavers in an anatomy theater. He acquired many skills and became one of the best shipbuilders of his time. His metalwork and woodwork still decorate palaces around St. Petersburg.

On his way to Italy in July 1698, the young tsar cut his trip short on learning of a new rebellion and Sophia's attempt to regain power. When Peter arrived in Moscow, the mutiny had already been put down, but he took an active part in interrogations and personally beheaded many rebels in his fury. Even though the trip's program had not been completed fully, the tsar did return with a thousand foreign professionals, ranging from fleet admirals to architects, and started his determined consolidation of power and reform in Russia. While in Europe, he had realized the extent of Russia's backwardness, had seen many instruments to fight it and was determined to put them to use.

### **Russia at the Turn of the 17<sup>th</sup> Century: Peter's Followers and the Task at Hand**

Peter was born into the youngest royal dynasty in Europe – the Romanovs, who had governed Russia for less than 60 years. Following Polish occupation and the chaos of the first decade of the 17<sup>th</sup> century, old noble families (*boyars*) installed Peter's 16-year-old grand father on the throne. In fact, the Romanovs could hardly have been called a European dynasty in the 17<sup>th</sup> century, as Russia was cut off from the European scene, partly because of its significant territorial losses and partly because of its self-imposed isolationist policies. The country had access to only one European sea – the cold northern White Sea – Sweden blocked it from the

Baltic shores, and Turkey and its vassal Crimea blocked it from the Black sea. Almost half of all ethnic Russians lived outside the Russian kingdom, in territories occupied by Poland, Sweden, and Turkey (Kluchevsky, 1989).

The almost exclusively agrarian Russian economy could hardly produce enough food for its nearly 20 million inhabitants – revolts of hungry and angry peasants and poor city dwellers such as the Salt Mutiny, the Copper Mutiny and the Razin uprising shocked the country throughout the 17<sup>th</sup> century (Kluchevsky, 1989). The productivity of the serfs of state and private landowners was extremely low, with the taxation system encouraging peasants to reduce the amount of land they worked (Brikner, 2002). The landowners who controlled over a half of all arable land managed their estates as closed natural economies; trade was limited to a handful of large cities, and domestic industry was virtually nonexistent. The fiscal burden increased throughout the 17<sup>th</sup> century, by the end of which there were more than 50 different taxes and levies in Russia (Kluchevsky, 1989).

Russian society of the 17<sup>th</sup> century impressed foreigners by both its simplicity and its complexity. On the one hand, the Russian tsar had absolute power over his subjects; on the other, the relationships within Russian society and between subjects and the monarch were very complex. For example, members of the so-called service class (*sluzhilye ludy*), which constituted military officers' corps and the civil bureaucracy, included representatives of the old noble families (*boyars*), who owned their land and passed it on to their children and occupied key positions at court, but were free to choose whether to serve or not, and the new nobility (*dvoryane*), who received land in exchange for service but could not pass it on to the next generation and had to serve the tsar. The peasant class included serfs belonging to landowners and paying state taxes, state-owned serfs who paid taxes and those who did not pay taxes, free farmers, and slaves. Thousands of people migrated between social classes, making tax collection a nightmare (Kluchevsky, 1989).

The system of governance only added complexity and inefficiency to Russian society in the 17<sup>th</sup> century. The absolute monarch was at the top of the power pyramid; however, his actual decision-making power was significantly reduced by the council of *boyars* – a collective advisory body composed of the members of the old noble families (Platonov, 2001). The executive branch was represented by regional leaders appointed by the tsar and officers of numerous Moscow-based *prikazy* (government departments) responsible for managing specific branches of power across the whole of the Russian territory. By the second half of the 17<sup>th</sup> century, Moscow was home to more than 50 *prikazy*, including exotic departments such as *Pharmacy* and *Prisoners of War*. Areas of responsibility were quite vaguely defined and *prikazy* often overlapped and competed against one another (Kluchevsky, 1989).

In spite of the mosaic social structure, the Russian nation of the 17<sup>th</sup> century had a strong and homogeneous culture developed around the Orthodox Church and an absolutist national state (Platonov, 2001; Peter the Great: Pro and Contra, 2001). The Russian historian Vassily Kluchevsky called duality a major trait of the Russian national character of the time – Russian people tended to alternate between periods of hard work and complete idleness, easily changed mood, and moved from violence to kindness. According to Kluchevsky, Russians also had two moral codes – public and private – the first required (public) respect of the norms assigned to the social stratum the person represented, the second allowed everything and only required the person to repent to the house priest once a week (Kluchevsky, 1989). Other researchers point to short-term orientation, inwardness, and a somewhat sadomasochistic orientation as salient characteristics of the Russian national character (Naumov & Puffer, 2000; Fey, Adaeva, Vikovskaya, 2001; Kets de Vries et al., 2004). Peter the Great described his people as children, who would never take up a book without a push from their teacher, would complain about its difficulty, but praise the teacher when they had learnt to read (Kluchevsky, 1989).

However, in spite of this traditional inward orientation, Russia in the second half of the 17<sup>th</sup> century began to open up to the outside world and to Western influence. Peter's father appointed many Western Europeans as military instructors and engineers and allowed many others to settle in Moscow to start trading and other businesses. Western dress, habits, and ideas began to gain popularity among some of the powerful in Russia – even Tsar Alexey liked to dress in Western attire, listen to Western music, and meet with Western travelers, though following the logic of the double moral code he always did so in private. When Peter came of age, the theme of the relationship between Russia and the West and the need for modernization were intensively debated in the upper echelons of Russian society, but little had been done and most importantly nothing had been decided (Kluchevsky, 1989; Peter the Great: Pro and Contra, 2001). The task was left to the young tsar.

### **The Three Faces of a Leader**

At the time of his premature return from the European trip, Peter was still very unclear where the future reform would take him and the country, but he had already discovered some of the major elements of the change program: bringing Russia to Europe by establishing its presence on the Baltic shore, educating Russians and importing Western technologies, destroying the old Moscow elite thereby ensuring the absolute power of the tsar and introducing a new government fully controlled by the monarch (Peter the Great: Pro and Contra, 2001). The program reflected both his personal needs and desires and the historical reality of Russia at the turn of the 18<sup>th</sup> century. As other effective leaders, Peter intuitively tied his personal vision with the requirements of the historical moment and produced an appealing vision for progressive elements of Russian society (Erikson, 1958; Kets de Vries, 2004). The implementation of the change program was highly influenced by the tsar's personality, his

inner theater and his competencies, and produced at least three different leadership operating modes.

“**Enfant Terrible.**” Open to the outside world, Peter was easily excited by new ideas and projects, and when they possessed him, he drew on all available resources to realize them. When he became obsessed by battleships, in no time he had thousands of people working in the improvised shipyards on Pleshevo Lake and on the Voronezh and Don rivers in order to build dozens of vessels, which later rusted uselessly as they had no access to seaports (Kluhevsky, 1989).

After becoming absolute monarch, he turned the whole country into his playground. In 1700 he dragged an unprepared Russia into a Northern War without any defined objectives or specific plan of action. In 1711, Peter declared war on Turkey and led a 30,000-strong army into the hot steppes of Moldavia, where 200,000 Turks surrounded him. He withdrew in humiliation (Brikner, 2002).

Any resistance or failure merely reinforced the tsar’s determination. After his return from the first unsuccessful Azov expedition, Peter immediately ordered a new one, against the advice of almost all his advisors, including his mentor Leforte (Brikner, 2002). He led with an iron will and never regarded human cost as a limiting factor; he expected his followers to fulfill orders and even anticipate them. Dissention or rebellion always made him furious and he quelled them with barbarous methods.

Peter literally beat his immediate subordinates into desired behavior. He often tested their loyalty in a terrible manner: in an anatomy theater in Leiden, the tsar forced his entourage to tear at corpses’ muscles with their teeth; and in the aftermath of the Streltsy rebellion of 1698, Peter ordered all his close followers to take part in executions and behead the rebels (Brikner, 2002).

As for the lower classes, Peter did not recognize them as anything other than fodder for his projects, with hundreds of thousands perishing in wars, construction projects, and from famine and disease (Platonov, 2001).

Some of Peter's impulsive projects did turn out to be successful and important for the course of reform. His 'play' army did become a training ground for future military and government leaders and ensured his personal safety. In order to satisfy his curiosity, Peter did go to Europe following Leforte's advice, against his mother's and her counselors' wishes, and thus equipped himself with the first ideas for reform. He did found St. Petersburg in an area where no one in their right mind would have built a capital city, and it became a symbol of the new Russia and a cultural pearl admired by the whole world.

**“Fire Fighter.”** A gifted craftsman and a man of action, Peter was often distracted from his strategic leadership role by day-to-day issues. As the Northern War against Sweden lengthened after the initial attack, Peter realized that the army needed more men, armaments, food, and money. He levied new taxes, confiscated a quarter of Russia's church bells to make cannons, ordered new conscription and requisitions. He rode around the country supervising recruitment, personally examining the men, checked the quality of arms and ammunition, correcting production methods where necessary, and oversaw tax collections (Kluchevsky, 1989). He personally participated in the construction of all Russian shipyards and all ships of any significance (Brikner, 2002). He even took part in some very risky naval battles of little importance, fighting in the front ranks. The tsar's unparalleled energy and motivation allowed him to be present in many places and fight many fires at the same time, but his actions often seemed unfocused and not related to any large-scale plan.

Tall (over two meters) and wiry, Peter impressed his contemporaries with his physical force and endurance. Most importantly, by his tireless efforts, Peter set new norms and standards of behavior. He was a great example of what is often called a pace-setting leadership style

(Coleman, Boyatzis, McKee, 2002). He not only ordered compulsory military service for all, but also personally progressed through the ranks, starting as a private (Brikner, 2002). He set an example to young Russians by speaking foreign languages, traveling to study to Western Europe, and learning practical skills. He rejected heavy Russian clothes in favor of light European dress. He shaved his beard and lived a modest life. He personally taught carpenters to build ships, gunsmiths to make cannon, officers to lead their men into attack, and his subordinates to rule the country. However, his bludgeon was always present as a threat.

**CEO of Russia Inc.** History has not left any trace of the great visions or strategic plans developed by Peter. However, from his mid-20s, Peter was very clear about his principal role – to serve the motherland. He placed monarchs, including himself, under, not above, the State. The State was infinite; he was merely temporarily at the helm of the great corporation (Kluchevsky, 1989; Pro and Contra: Peter the Great, 2001).

As a CEO, Peter subscribed to the “orchard model” of strategy of development, where pieces of the new appear here and there rather than grow according to a detailed gardener’s plan (Mintzberg, Lampel, 1999). Opportunistic in both setting and achieving his immediate goals and having no apparent strategic plan, he nevertheless built a very cohesive system. He started with a notion of what the corporation should *not* look like, namely the old Russian state that he had inherited. The young tsar did *not* want a weak monarch who depended on the Church and leading noble families, a government with slow decision-making processes and opaque responsibilities, an untrained army or a feeble economy (Platonov, 2001). Playing in the royal back yard, he had formed a basis for the regular army. Squeezing landowners and peasants for every extra kopeck to finance the war effort, he came to understand the need for fundamental economic reforms and immediately launched them. New government and a new economy required expert knowledge and technology: Peter pushed for education and innovation. The

tsar-reformer was learning along the way and adding new features to his program: effective and efficient central and local government, national industry and trade, and education. Later in his reign, Peter became the “first Russian Marxist”: viewing the economy as a foundation of the nation’s prosperity, he focused his attention on economic development (Kluchevsky, 1989).

Thirty years in the top job taught Peter a great deal, and by 1720 he had a picture of what Russia Inc. should have: a competent monarch at the helm of a well-functioning bureaucracy, a strong regular army and navy, domestic industry, transport infrastructure, flourishing trade, stable agriculture, an ever-increasing number of educated people and innovations in all areas of life (Brikner, 2002).

Peter’s organizational design reflected the key themes of his “inner theater,” his early experience as a leader, and his assessment of the people he had to deal with. The project he undertook had no comparison in Russia’s history and required the collective effort of the whole nation. The reformer felt that the nation was not able even to understand the task and left it the role of an execution mechanism: “Even if it’s good and necessary, ... our people will never do it without coercion” (Kluchevsky, 1989).

The tsar wanted to have an instrument to carry out his will and protect his personal safety, one that would be as independent from his subjects as possible. The bureaucratic pyramid logically fitted his view.

Peter’s pyramid had a number of characteristic features. First of all, it was all-embracing. He mobilized the whole country. He saw everyone as an employee of Russia Inc. by default and confirmed it in the new social structure. Peter often referred to his activities as “service” and considered the monarch to be the most important and responsible, though still civil servant – the CEO of Russia Inc. (Kluchevsky, 1989). All branches of the country’s life – economy,

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religion, army, and education – were brought under direct centralized management. The tsar personally appointed and replaced people responsible for those institutions and monitored their actions in detail. He introduced a 14-level grade system for government officials of all branches and shuffled them between military, civil, and diplomatic services (Brikner, 2002).

Peter also made a very important change to the traditional social system: all men were obliged to start service at the entry level, and those who reached the 8<sup>th</sup> level automatically became members of the nobility. Practical training became part of the system, and even the offspring of the oldest families began their careers in soldiers' uniforms (Brikner, 2002).

Peter created *Kollegii* (ministries) to look after respective branches, with the Saint Synod as the ministry for religion and the Senate as the upper executive and legislative body. He personally appointed senators, who collectively played a role as the CEO's internal board and executive team. They had to follow up on Peter's executive orders, provide opinion on the projects he wanted to launch, directly manage the ministries, and act as the supreme judicial body (Kluhevsky, 1989).

Suspicious of the capabilities and integrity of government officials of all ranks, Peter became a great enthusiast for *Reglamenty* (policies and procedures) and personally wrote and published hundreds of them (Brikner, 2002).

The CEO of Russia Inc. first intuitively and later conscientiously identified Russia's development and investment strategy and institutionalized it. He regarded agriculture as the principal cash cow for the country and changed peasants' taxation from plot size to per head, which quickly increased agricultural output and taxes (Kluhevsky, 1989). For the first time in Russian history, Peter tried to count the country's population to make all males pay taxes, and he even created a special organ responsible for inventing new taxes. Russians paid such exotic duties as "horse's collar," "bath," or "firewood" levies (Kluhevsky, 1989).

At the same time, the army, the navy, industry, infrastructure, and education were Peter's "stars." He invested heavily in those sectors and provided tax holidays for the mines and factories, raised customs for imported goods, and exempted universities and their staff from any levies (Kluchevsky, 1989).

In its final design, Peter's Russia looked very much like a giant corporation of the **mid-20th century – hierarchical**, rigid, stable, predictable, run by orders from the top and with numerous P&Ps. The only difference was the amount of power **wielded by the CEO of Russia Inc.**, compared to Alfred Sloan and the like.

To staff Russia Inc., Peter assembled a team of "new people," whom he used as managers for the most important projects and the top jobs. The group was heterogeneous, including at different times such people as Leforte, Prince Romadanovsky, a member of one of the oldest Russian families, Alexander Menshikov, the son of the court stable manager, and Alexander Yaguzhinsky, the child of a Lithuanian church musician (Brikner, 2002). Peter selected his executives for their **courage**, practical **skills**, and ability to embrace new culture; he retained them because of their loyalty and forgave them their shortcomings. For example, Peter was perfectly aware that Menshikov, who amassed a fortune exceeding the state budget, stole assets and took bribes, but limited his correctional work to beatings and pep talks (Brikner, 2002). The great tsar's iron will, not the shared vision or a common cause, kept those statesmen together.

Peter also kept his eye on a larger group of a few thousand younger people with some experience of the West and appointed them to important military and government positions (Kluchevsky, 1989). In such a way, Peter laid a foundation for the future Russian *nomenklatura*.

However, his developmental efforts were limited. He sent young people to schools and on foreign trips in order to learn practical skills, which would serve to improve their performance

in current positions rather than develop their civil consciousness and leadership potential. His objective was never to create a critical mass of change agents with personal stakes in his reforms, who would transmit them to different levels of Russia Inc. As a result, his reforms remained in many ways half-implemented and the new culture took root only in a very limited social stratum (Pro and Contra: Peter the Great, 2001).

Worse, fearful of any competition, the ever-busy tsar failed to prepare his own successor, a major task for any CEO. He did not even nominate one. His unexpected death set the country on a half-century roller coaster of coups d'état, which pulled Russia back from the many advances he had made (Kluchevsky, 1989).

## **Leadership Lessons**

Peter the Great in many ways epitomized what has become known as the Russian leadership style – authoritarian, brutal, somewhat erratic (Richmond, 1996; Fey, Adaeva, Vikovskaya, 2001; Kets de Vries et al., 2004). Like other Russian political and business leaders, he performed his role by pushing rather than persuading his followers (Luthans, Welsch, Rosenkratz, 1993; Kets de Vries, 2000). Following an old Russian tradition, he refused to recognize that his subjects were able to understand his projects or that they had motives other than fear to implement them. He only appreciated them as tools or raw material for the transformation, which, he sincerely believed, would eventually bring them a better life (Brikner, 2002).

And yet, Peter the Great had many skills that are today associated with effective leadership. He was a successful change leader with a lasting effect, because of what he stood for and because of his ability to defend it. His story serves as a good illustration of many established leadership concepts and research findings, but also provides some new thoughts on what makes leaders effective (Bass, 1990).

**A leader is a human being.** Even the most fanatical admirers of the great tsar could not portray him as a superman with all the necessary attributes – sanity, divine predisposition, super intelligence, and kindness. Passionate and sinful, he was responsible for terrible mistakes and extraordinary historic achievements. His life and deeds are a decisive “*Nyet*” to the models that present leaders as super-rational creatures or to the attempts to create universal management tools to fit all. As Peter’s leadership could not be understood without understanding his personality and inner motives, future leaders cannot be fully successful without understanding their own.

**Leadership by terror could be effective, but short-lived** (even in Russia). Peter the Great often acted as Peter the Terrible and demonstrated that coercive leadership, supported by absolute power and an extensive enforcement apparatus, could bring quick and often impressive results in a country with a conservative and uneducated population. But by the end of his life, the reformer himself realized that such changes are expensive, not always successful and often short-lived. Even his closest subordinates became used to his threats, humiliations and beatings, and learned to ignore them.

**Learn globally, lead locally.** Peter the Great was arguably the first global leader in Russian history. He screened the whole of Europe for ideas and tools to implement them. In his time and cultural environment, Peter had a unique desire to embrace novelty and to learn from the world, which he saw as interconnected rather than fragmented. He sincerely called the losing Swedish generals his “teachers” and toasted them after the Russian victory at Poltava. In contrast with national tradition, Peter was not ashamed but took pride in alizing”<sup>[Efr1]</sup> from other, more developed nations. However, he always kept his feet firmly on the Russian ground and made adjustments to the borrowed models to reflect the local reality. Contrary to the claims of some scholars and later admirers, Peter was neither a “Westerner” nor

“Easterner” – he wished to enrich Russia by fully integrating it into the world without destroying its identity.

**One man counts** (but only as long as he is around). Peter went against the whole social order, despite having a very weak power base, no strong allies, no organizational resources, and no specific plan. He built on his will, energy, and speed of movement and largely succeeded in his change program. However, he failed to convert individuals to his beliefs or to empower enough capable people at different levels of the state and social hierarchy to continue the reform after his death.

**Leadership development could not be postponed.** Peter gave another example of the critical importance of developmental component of leadership by failing to even designate his heir, leaving the country and the fate of his reforms in jeopardy. However, his reign of 35 years taught another lesson: even leaders subscribing to the “après moi le deluge” philosophy need to put leadership development at the top of their priority list. Peter’s reforms slowed because of a lack of capable managers, which the tsar had recognized but did not act upon sufficiently. His mentoring work was sporadic, and his program of sending Russians to study in Europe unfocused. He never managed to create a powerful network of change agents at different levels of society as an additional driving force of the reform. Peter’s unique force gave Russia a strong push in the right direction, but it failed to produce a long-lasting momentum. He built the tools, but not people to continue his work at the same scale and speed.

**Leadership by example.** Peter was a great master of “walking-the-talk” and demonstrated how effective this management style could be. His effectiveness as a pace-setting leader stems from a sincere belief in what he was doing and from the practical skills he had developed. He never “played a role” when he was out in front of other people, and his major achievements,

such as instilling a culture of professionalism in the army and government apparatus, are fruits of his personal attitudes and behavior.

**Focus on the future.** Peter always focused on the future and used his intuition and perseverance to get things done. He never spent much time mourning the past, using its analysis only as a learning tool. Change for the better was the name of his game.

Once focused on a project, he could move mountains, literally, to see it accomplished. Peter's endurance and energy would have left any marathon runner envious, and these qualities allowed him to maintain an enormous workload throughout his life.

**Action, speed and determination.** By his often intuitive and impulsive moves, Peter proved that making and implementing ten decisions of which only seven turn out to be right is more important than producing three perfect decisions within the same time. He never had a clearly defined, well-articulated strategy, but he was always on the move.

**Challenging the status quo.** Peter's break from established rules and centuries-old traditions is unprecedented, and his ability to question and discard his own beliefs, or the models and the institutions he had created, singles him out even among the most celebrated political and business leaders.

**Culture and symbols.** Very early on, Peter intuitively recognized the importance of symbols and heroes in the change process. Later he developed an understanding of the critical role new values and behavior norms play for reform to take firm root.

**Building new is more efficient than reforming the old.** In his enormous change program, Peter almost always followed the same leadership pattern – he did not attempt to reform existing institutions, but rather built new ones at their side and gradually transferred all important functions. The tsar needed a modern capital as a command center for reform and a living example of a new reality. Reforming Moscow with its centuries-old traditions would have been like Sisyphus' task, so Peter set out to build a new city. From an orthodox view it

was a disaster project: it sucked a disproportionate amount of resources from a country caught in the middle of war and large-scale reform; it was built in the worst possible location, both geographically and climatically; and it could not provide enough comfort for its inhabitants, even well into the second half of the 18th century. But one cannot overestimate the meaning of St. Petersburg for Peter's reform and Russia's development in the centuries to come.

**Customized rather than “perfect” tools.** Never hesitating to discard dogma, organizations, and customs, Peter built management systems and used tools that he was comfortable with. He dispensed with the traditional fundamentals of any Russian tsar's management system – “sittings with the senior *boyars*” – as the principal decision-making instrument, as well as audiences with and blessings from the Church Patriarch, and the overprivileged court guard. Taking ideas and instruments from the West and Russia alike, Peter always altered them to fit his personality, his assessment of the task and the people involved. As the tsar was maturing in his leadership role, he changed his tools to reflect that evolution. His stick replaced the torturer's instruments, empowerment superseded direct intervention, and *Reglamenta* reduced the number of executive orders. Unlike many political leaders and executives, he never regarded established social institutions, even the Russian monarchy, as sacred cows with special meaning in themselves, but only as instruments to carry through human will.

**CEOs also learn and change.** Received management wisdom views leadership development as a process of preparing people for the top job in the organization, and often stops there. As one vice-president of Human Resources of a large multinational corporation put it, “When you become a CEO – you reach haven.” Peter, who became tsar at the age of 24, proved that development applies to the CEO, too. His evolution from “enfant terrible” to one of the most capable monarchs in European history is remarkable. This evolution was twofold: not only did he develop new competencies such as empowerment and widen his inventory of leadership styles, but he also learned to recognize his shortcomings as CEO of Russia Inc. and

began to compensate for them through organizational systems. He demonstrated that successful leaders, whatever the amount of power they have, not only change others, but also change themselves.

**Life balance.** Working extremely hard, the great tsar never forgot about other things. Romance and recreation always **played important** roles in his life. Manual work, boat trips, noisy parties, and hours of intimacy with his **much-loved second** wife **recharged** his batteries for government **tasks**. When he suddenly died at the age of 53, Peter Romanov was a fulfilled and happy man.

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