Assessing Potential Leaders of Private Equity Funded Ventures

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Executive Summary:

As difficult as implementation of corporate strategy usually is, the problem is all the greater for start-ups that lack the organizational structure or market presence that enable more established firms to ride out individual failures of leadership. Smaller firms must have the most capable leaders, for they are often only as strong as their leadership. A psychological assessment of a new venture's leaders may be the last mile in a decision to fund a particular venture. Through in-depth psychological assessments, venture capitalists will enhance their returns by funding entrepreneurs most likely to function well in the stressful environment of a start-up. Perhaps the greatest benefit of in-depth psychological assessments is the clarity they can provide investors in identifying where the vagaries of business problems shade into matters of individual psychology.

A psychological assessment that focuses on the stability of an individual's active coping tendencies is best suited to evaluating future leadership functioning. *Active coping* is exhibited in the propensity to strive to achieve personal and corporate aims and overcome difficulties rather than passively retreat or to be overwhelmed by difficulties. Active coping is what we expect of leaders—the ability to learn, adapt, improvise, and motivate, all done for the benefit of the organization. Executives who come up short on these measures are unlikely to be successful leaders of start-ups.

Research at the University of Chicago Graduate School of Business demonstrates the ability of active coping to predict leadership effectiveness among already highly functioning individuals. Beyond any chance occurrence, these results were statistically significant. Among the findings of greatest interest to investors who need to be confident about the leadership potential of executives heading their ventures are:

- Active coping on three levels of behavior significantly predicted leadership effectiveness. The less the degree of conscious control over behavior afforded by the measure, the greater the ability to predict leadership.
- The single strongest predictor of leadership was a composite measure, which aggregated measures of active coping across three levels of behavior.

The findings confirm that in-depth psychological assessments are far more useful in predicting leadership effectiveness than assessments that rely solely on self-report measures. When self-report measures are used in isolation, as industrial and organizational psychologists typically do, their utility diminishes dramatically. By also using projective measures, we gain access to aspects of behaviors the person is not reporting and which may manifest themselves only in situations of great stress. To reveal the most complete dimension of an individual's leadership potential, self-report measures must be supplemented by measures that tap deeper levels of functioning.

Without long experience with the prospective entrepreneur, especially under conditions of prolonged stress, private equity investors should invest psychologically before investing financially. If smart, they will make early use of a good psychologist who understands business, has had serious experience with selecting and developing executives, and has a clinical background that permits a deeper look into aspects of personality that usually are masked and not readily discernible by industrial and organizational psychologists. Indeed, clinical knowledge is essential, both to interpret the tests and to counsel the subjects.

Can private equity investors screen for leaders most likely to be effective in start-up firms, where standard operating procedures are lacking and where the competitive environment is exceptionally dynamic? Can investors increase the odds that their ventures are managed by executives who can create goals in the absence of explicit direction, take initiative, overcome resistance, tolerate uncertainty, handle rivals, motivate others, and learn from defeats? Underlying each of these attributes is the readiness to confront and master enormous amounts of stress—the experience of ambiguous, novel, or rapidly changing situations in which the stakes are understood to be high.

Successful leaders not only tolerate stress, they thrive on it. Using powerful psychological tools to assess the ability to function in stressful situations, researchers in clinical psychology at the University of Chicago Graduate School of Business undertook the first systematic effort to identify in advance individuals with the psychological resources needed to be successful leaders. This research confirms that assessment tools far more powerful than any in use today can reduce the uncertainty investors experience when evaluating executives under consideration to head new ventures. Below, we describe the conceptual framework underlying this research. Additionally, through the medium of four cases, we demonstrate the usefulness of this approach to investors in start-ups.

Individuals most likely to prosper in start-ups are those who can use their knowledge, intelligence, experience, and interpersonal skills to cultivate opportunities and fend off threats. Indeed, it is the ability to tolerate and master stress that allows leaders to adapt creatively to circumstance. This capacity, in turn, depends on the ability to develop continually new skills for coping with change. This readiness to cope with stress resembles a well-established construct in psychology called *active coping*. Active coping is an excellent predictor of the ability to function successfully as a leader.

Active coping, however, must be understood as a threshold competency. Its presence is a necessary but not sufficient condition for effective leadership. Effective leaders need to be more than active copers. They must possess the motivation, specific knowledge, and aptitudes needed to lead in any particular situation. Each of these has a dimension that must also be examined by a battery of clinical techniques that allow the psychologist to assess whether the individual's capacity for active coping is well integrated with other dimensions of the individual's personality. But let us be clear: Without the capacity for active coping, the chances of an individual being a successful executive in a stressful environment diminish dramatically.

The conceptual framework of active coping is almost unknown to organizational and industrial psychologists who consult with businesses on matters of leadership. These psychologists attempt to analyze and explain how an individual performs in isolation from developmental processes that may have led to his or her present state. They frame accounts of personality in terms of one major quality at a time (e.g., extroversion, judgment, dominance) and only secondarily in terms of the relationships among these qualities. Within this framework, human behavior is essentially fragmented and reactive either to fixed, and in many respects mechanical, inner thoughts or dispositions, or to externally imposed pressures and reinforcements. In effect, the person has no choice but to respond in a predetermined, circumscribed manner—what we consider *passive coping*.

Worse, information about these qualities is commonly obtained from self-report measures. These measures tap consciously controlled behaviors and are subject to deliberate and even unintentional distortion (we hold beliefs about our behavior that just aren't true). High-functioning individuals—particularly those in line for top leadership roles—will have learned to reveal what makes them look good and to conceal what does not. Such measures are unreliable predictors of leadership.

If passive coping implies the inclination to submit automatically to internal and external demands, active coping implies the opposite—the readiness to select, from among an array of possible responses, those that seem most able to maintain a balance between internal demands, including one's values and beliefs, and external ones. In many cases, the response selected is a novel one, specifically created for the situation being encountered.

Conceptually, active coping is a characteristic of a psychologically healthy personality. Leaders who possess such personalities can tolerate the stress inherent in openly perceiving challenging or threatening events. Moreover, they can formulate and implement strategies to meet or resolve such challenges. These strategies, which operate consciously and unconsciously, are designed to seek an adaptive balance between external environmental demands, regulations, and constraints, on one hand, and psychological aspirations, needs, and morals, on the other. Active coping speaks to the tactical resourcefulness and flexibility—including the readiness to learn from failure—required to achieve one's larger goals.

Operationally, active coping is exhibited in the propensity to strive to achieve personal and corporate aims and overcome difficulties rather than passively retreat or

be overwhelmed by difficulties. Active coping is what we expect of leaders—the ability to learn, adapt, improvise, and overcome conflicts. Executives who come up short on these measures are unlikely to be successful leaders.

ASSESSMENT OF ACTIVE COPING

It is rare that we admit that we are stubborn, hostile, or disingenuous—it's especially rare in meetings with potential investors. To the contrary, we are all persistent, assertive, and sincere, and our responses on self-report measures and in interviews are calculated to demonstrate these qualities. Even the most astute interviewer will have trouble distinguishing stubbornness from persistence. Moreover, the dysfunctional aspects of a personality may not bubble to the surface until the individual experiences severe stress, when the need for capable and adept functioning is greatest. It is usually only under stress, in fact, that an individual's true character will out.

It is critical to identify in advance tendencies that may suggest a psychologically unhealthy personality structure—signs of rigidity, indecision, rage, or recklessness, for example. Judgments must be made about whether these tendencies could undermine the person's leadership enough to reduce his or her ultimate effectiveness. What investors need is a flight simulator for psychological functioning—a safe and ethical way of putting individuals into stressful situations to evaluate their ability to cope with the kinds of stress they would encounter as leaders of a risky business. Fortunately, by assessing one's capacity for active coping, clinical psychologists possess a methodology that functions as a proxy for the skills, abilities, and strengths demanded of leaders of start-ups.[1]

The assessment of active coping requires a battery of assessment techniques that range from structured to unstructured, and from objective to projective. Structured tests and objective assessment techniques represent clear, unambiguous stimuli that permit a high degree of conscious control over what is revealed about the self. Such techniques include self-report measures, behavioral interviews, and simulations. Unstructured tests and projective techniques, by contrast, present relatively vague and ambiguous stimuli that provide little structure to guide the response. They thereby reveal aspects of individual functioning related to underlying structural dimensions inaccessible to objective tests.

The most distinctive aspects of active coping operate at levels that the subject being assessed can neither identify nor control. The assessment of active coping demands that to generate a response, one must fall back on one's inner psychological resources. There is no pretending, no role-playing, and no faking good. Nothing about the assessment allows one to rehearse a response or give a canned answer. The subject has no cues for how to answer, and no answer is right or wrong, good or bad. Formal education, training, and work experience neither enhance nor detract from the adequacy of one's response. What makes the assessment of active coping so powerful—and useful—is its psychological realism. This psychological realism is what gives it its tremendous ability to predict how an individual will actually function as a leader in a variety of stressful situations.

In 1957 Timothy Leary[2] developed a model of personality functioning that can be used as a practical tool to make predictions about an individual's likely effectiveness in leading start-up ventures. Leary proposed that personality dynamics could be understood in terms of how consistently the same conceptual variable (an appetite for power, for example) appears across different levels of an individual's consciousness. Operationally, Leary characterized these levels in terms of the degree of awareness an individual possessed of his or her personality strivings and functioning. The levels ranged from overt and consciously controlled to covert and ever-decreasing conscious control.

By using a battery of psychological tests that assessed behaviors along a spectrum of stimuli that ranged from objective and highly structured to projective and unstructured, Leary noted that motives that appear one way at levels subject to the individual's conscious control often operate differently at deeper levels, where the individual has less (or no) control over their expression. He argued that such discrepancies—how a motive expressed itself at a conscious level versus how it expressed itself at an unconscious level—indicated that the individual was in a state of intrapsychic conflict or personality disequilibrium. Other things being equal, a personality system in conflict would strive to reduce conflict or achieve balance by changing overt behaviors in the direction of the unconscious tendencies, toward the deeper, less consciously controlled levels of functioning. In this way, unconscious strivings beyond the range of the individual's conscious control would influence conscious feelings, cognitions, and actions.

Assessing behavior across different levels of conscious control serves to balance what the subject wants to reveal and what he or she is repressing or disavowing. Projective tests provide a check on the validity of what subjects may claim or assert about themselves. Desires,

motives, and fears that may not be expressed in everyday behavior and become manifest only when the individual's defenses against them do not remain intact will emerge on projective tests. They become manifest only when the individual's defenses against them do not remain intact. Two conditions generally precipitate such a breakdown—situational and developmental. A person who feels anxious with authority figures may develop a self-image as independent and not requiring guidance and may seek out work environments lacking bosses. If suddenly required to report to an authoritarian boss, the anxiety that had formerly been kept at bay is likely to emerge. Developmental shifts may also release repressed material. A man thrust into a situation requiring him to be a father figure may reject the generative role if being a capable subordinate defends against unconscious rage towards his own father.

Projective techniques are designed to predict behaviors under conditions of change, when an individual's defenses are tried and are most likely to crumble. Self-report measures, by contrast, are best able to predict behavior in stable situations (assuming subjects are able to describe themselves accurately). The best functioning is stable and consistent across all levels, conscious to unconscious. A clinical psychologist assessing an individual's capacity for active coping will look for its consistent expression across all levels of behavior, from the most superficial to the deepest. Such consistency implies stability in personality functioning.

This point is best illustrated by two imagined examples. An executive in line for a promotion into a top slot may assert his or her willingness to lead by responding to an industrial psychologist's self-report measures in a manner that indicates strong active coping. In fact, this executive will probably work hard to convey the impression of being the kind of leader he or she believes the role requires. He or she may claim to relish taking command. But the deeper projective measures might elicit responses indicative of passive coping. The executive may harbor deep-seated fears of behaving aggressively. This response pattern, characteristic of a syndrome known as "protest masculinity," would characterize a person who has compensated for underlying passivity and dependency by exhibiting hyperactive, dominant, and aggressive behavior on the surface. A blustery male with deeper passive coping tendencies is likely to succumb to the underlying passivity. In the long run, he will not be an effective leader, as his passivity may well emerge at precisely the time his decisive leadership is in dire need.

By contrast, the overt passive behavior of a Japanese woman, as culturally conditioned and as confirmed by self-report measures, but with strong underlying active coping tendencies as measured by projective techniques, is likely to change in the direction of her more assertive, autonomous unconscious tendencies. Given the right opportunity, she may well emerge as an excellent leader.

Ideally, the best leaders show consistent active coping across all situations and levels of their psychological functioning. Their personality structures will be stable and resilient, endowing them with the readiness to lead at precisely the time of its greatest need.

THE CHICAGO RESEARCH

In 1993, the present author led research in clinical psychology at the University of Chicago Graduate School of Business to predict whether active coping could be used as a variable in Leary's model to improve the selection of business leaders. We were especially interested in identifying those in an elite population of already high-functioning individuals, who would emerge as the most effective leaders in unstructured, rapidly changing situations that resembled a start-up business.

Our particular assessment strategy examined three of Leary's five levels (two were discarded as inappropriate for our purposes). The superficial level, consciously controlled behaviors, was assessed using interview statements and self-report measures (e.g., the Ways of Coping questionnaire). These measures deliberately mimicked those used by industrial and organizational psychologists. The next level, semiconsciously controlled behaviors, was assessed using a semiprojective technique, where the subject was asked to complete a series of open-ended sentence stems (e.g., "He was happiest when"). The deepest level, unconscious behaviors, was assessed using a projective technique. The subject was asked to make up stories to describe a set of ambiguous pictures. In responding to semiprojective and projective techniques, the subject is not fully aware of the meaning of what he or she reveals.

Using self-report, semiprojective, and projective techniques, we obtained measures of active coping across three levels of psychological experience. We argued that the greater the stability of active coping across levels, the better the leadership across situations and over time. Therefore, interlevel congruence would be most highly correlated with leadership effectiveness. Individuals who can accept the full array of their individual motives and desires are more likely to find socially appropriate ways to express them. They therefore exude an aura of genuine

openness. This authenticity increases the probability that they will be more open and flexible in dealing with a situation at hand. Conversely, individuals who cannot accept and integrate their different motives and needs are more likely to invest energy in keeping these parts from awareness and thus be more constricted in their ability to deal with the external world. These latter individuals are susceptible to responding poorly in situations that evoke these warded-off parts of their personality, rendering their leadership less effective.

The Chicago research examined the various measures of active coping for their ability to predict interpersonal judgments of leadership effectiveness. Participants in these studies were an elite group of MBA candidates selected to take part in an intensive, experiential leadership education and development program at the business school called LEAD. All first-year MBA students are required to take LEAD. The program is facilitated by a group of 50 second-year MBA students, selected in the winter of their first year from a pool of approximately 200 applicants. A faculty-student committee chose facilitators on the basis of interviews and essays regarding the students' motives and aspirations to be a LEAD facilitator, and their performance the previous fall as LEAD students. Selection criteria also included perceived leadership potential, including leadership competency, ability to function as part of a team, and ability to inspire trust and motivate others. During the spring and summer terms, the LEAD facilitators designed and developed a course on leadership, which they delivered during the fall term to the incoming MBA students.

Although faculty supervised and graded the facilitators, the facilitators functioned as a leaderless task group. There were virtually no predefined roles or duties. Facilitators had to define their own procedures for decision-making, planning, and problem-solving. As the program got underway, every facilitator was therefore potentially a leader. Because the emergence or success of a leader frequently hinges on the perceptions of his or her effectiveness by peers and superiors, the program provided an ideal setting for the empirical examination of the relationship between personality and the potential for leadership.

Facilitators were administered the psychological tests at the beginning of the nine-month program. At the end of the program, faculty and students evaluated each student on his or her individual leadership effectiveness. The Chicago studies demonstrate that active coping is a necessary determinant for successful leadership. Facilitators perceived to be the most effective leaders by superiors and

other group members were also those who emerged as leaders in terms of informal prestige in the group. The findings confirm that a multilevel assessment is far more useful in predicting leadership effectiveness than relying solely on self-report measures, as is common today. By also using projective measures, we may capture aspects of behaviors the person is not reporting and which may manifest themselves only in situations of great stress. Adding the deeper levels of functioning to a psychological assessment enhances the predictive validity of the findings. (Details of the theory, sample, setting, methods, measures, and results, can be found in Pratch and Jacobowitz, 1996, Pratch and Jacobowitz, 1997, and Pratch and Jacobowitz, 1998.)

The facilitators who scored highest on the measures of active coping were also those who, nine months later, emerged as the most effective leaders. Moreover, as the behavior assessed became less subject to conscious control, the ability to predict an individual's leadership effectiveness increased. Beyond any chance occurrence, these results were statistically significant. Among the findings of greatest interest to investors who need to be confident about the leadership potential of executives heading up their ventures are:

- Active coping significantly predicted leadership effectiveness across the three levels assessed. Moreover, the less the conscious control over behavior, the greater the ability to predict leadership.
- Aggregating the three levels of active coping into a composite measure called integrative capacity produced the single strongest predictor of leadership effectiveness. This finding supports the utility of viewing and assessing personality as a complex whole rather than as fragmented into isolated traits. This finding is powerful evidence that approaches favored by industrial and organizational psychologists are not especially reliable predictors of leadership.
- Integrative capacity speaks to the psychological genuineness associated with openness to the full array of one's motives and desires. The faculty and students who selected the facilitators were unfamiliar with the concept of active coping and the hypothesis that it would be associated with leadership. Yet intuitively they identified those characteristics associated with integrative capacity when they selected facilitators, as evidenced by the fact that the facilitators scored systematically higher on measures of active coping than a com-

parison group of students who applied but were not selected.

- This pattern of findings confirms the inadequacy of relying exclusively on self-report measures to select business leaders. Self-report instruments need to be supplemented by deeper psychological tools to reveal the most complete dimension of an individual's functioning as a leader. This is what psychodynamic theory suggests and what industrial and organizational psychology resists.

- The higher associations between active coping and leadership occurred on the semiprojective and projective measures. This implies that less structured instruments are useful to expose personality tendencies that the individual may disavow. In avoiding, circumventing, or blocking these tendencies from awareness, the individual consumes psychological energy that could otherwise be available to cope adaptively with external demands.

- Nevertheless, the measures of active coping at the self-report level were significantly correlated with leadership. For example, subjects who described themselves as aggressively confrontational or who admitted to blaming others (both are examples of passive coping) were also judged as the least effective leaders. Subjects who willingly present themselves in an unfavorable light are unlikely to be lying. Therefore, self-report measures quickly weed out poor leaders. However, the self-report measures had the weakest correlations with leadership effectiveness.

- Self-report measures are most useful if their findings are used in conjunction with the findings of semiprojective and projective measures. When self-report measures are used in isolation, as industrial and organizational psychologists typically do, their utility diminishes dramatically.

- Intelligence (using GMAT scores as a signal of intellectual ability) did not predict leadership. Contrary to conventional wisdom and to what we had expected, neither the verbal nor quantitative scales were correlated with leadership. (Several years ago it was widely held that prospective MBA students who scored higher on the verbal sections of the GMAT would make better business leaders because presumably they could speak and argue more effectively and were regarded as more socially well rounded than those who were more quantitative-minded.) Beyond a threshold level of intelligence (and this level is situation-specific), intelligence does not significantly affect an individual's effectiveness as a leader.

- Within the LEAD group, the students who were rated as the most effective leaders had the highest scores on each of the measures of active coping. This finding is particularly important because the LEAD group was composed of high-functioning individuals each of whom was motivated to perform well as a leader and in fact was selected for his or her perceived leaderlike characteristics.

But let us be clear also about the limitations of active coping as a means to screen for leadership potential. Active coping is not meant to predict situation-specific, consciously decided-on strategies of handling problems. Nor can it be guaranteed that every individual who is an active coper will be a successful leader. Used in isolation, without reference to other aspects of the individual's personality and knowledge of the context of the role, it merely identifies psychologically stable and resilient individuals. It does not indicate whether the individual is right for any particular leadership role.

Different business situations frequently require different psychological constellations. A psychologist must have a feel for the particular organization and situation for the assessment to be most useful. This would include, for example, understanding the firm's operating environment, its competitive strategy, and how the subject will be expected to interact with colleagues. These facets of business reality have been neglected in traditional psychological assessments of leadership. Understanding the person–organization interface requires in-depth interviews with financiers, directors, recruiters, and members of senior management. This permits the psychologist to gain an understanding of the responsibilities for which the candidate is being considered. Absent knowledge of the context and technical requirements of the role, a psychological assessment is unlikely to yield the most powerful insights regarding an individual's future functioning in the role.

Perhaps most important in predicting an individual's likely effectiveness is the experience and skill of the clinician conducting the assessment. If smart, private equity investors will not invest financially before investing psychologically. They will make early use of a good psychologist—not just a paper-and-pencil tester, but one who understands business, has had serious experience with selecting and developing executives, and who also has a clin-

ical background that helps him or her look more deeply into aspects of the personality that usually are masked and not readily discernible to the layperson.

CASES

The cases below demonstrate how in certain situations an individual's coping style can be compromised, resulting in diminished effectiveness. It is precisely these kinds of situations that can be pinpointed by assessing active coping in conjunction with other personality and organizational dynamics. Such an assessment allows us to determine the fit of the person with the stressors of a particular situation. To illustrate the usefulness of this approach, we provide excerpts from psychological reports on four executives within the same Fortune 500 industrial company.

Less than a decade old, the company was founded by a group of private investors seeking to exploit opportunities in a rapidly consolidating industry. Assembled through numerous acquisitions, the company went public several years ago. Its competitive environment is unlikely to settle down in the foreseeable future. Growth is likely to come through further acquisitions. There are few managers and little in the way of procedure and routine in its operations.

The first case describes the psychological functioning of the company's CEO, whom we will call Mark. His is an excellent example of how the leader's psyche can affect a company's performance over time. Exceptionally capable at building the business in its earlier stages, Mark is unable to relinquish control over operations in order to focus on strategy. The company is now foundering.

The three remaining cases describe vice presidents in charge of the company's financial operations in different parts of the world. The required behaviors and accountabilities of their roles are virtually identical. These executives—Brian, Peter, and Mauricio—display many of the qualities that we associate with effective business leaders. Although all are active copers in most situations, each is psychologically quite different. The investments in their personal growth and development the company needs to make are also quite different. Brian and Peter both warrant grooming as future chief executives. Mauricio, although very effective at his job, has deep-rooted psychological issues difficult to address in a workplace setting. His growth and maturity will come only through long-term psychotherapy. Barring a major personal crisis, however, it is unlikely that he will see the need.

These four executives were administered a complete battery of psychological tests, including the semiprojective and projective techniques used in the Chicago research. These instruments, in conjunction with detailed developmental histories, provided information that formed the basis for generating a full understanding of the implications of their psychological functioning and their styles of leadership. Much of this additional information is not directly discussed in these excerpts but would be part of a complete and rigorous assessment process. Numerous details have been changed for reasons of privacy.

Mark, 53, (CEO)—Excerpts

Background. Under Mark's leadership, the company needed less than eight years to grow from $80 million in revenues to nearly $3 billion. Today the company is at a crossroads. Either it quickly grows itself into a $5-10 billion company (through acquisitions) or it makes itself an attractive target to be acquired. For two years, the company has successfully postponed a decision and as a consequence lacks a coherent strategy for moving forward. While it continues to make good acquisitions, these have been opportunistic, reflecting the company's ability to find attractive targets at good prices.

A charismatic leader, Mark generates tremendous excitement. He is intelligent and endlessly hard working, and he believes there is a moral center to his work. He is highly ethical, a strong communicator, and extremely good at connecting with people, particularly important customers. Far more than is common in the industry, he has attempted to make the company's organization and decision-making style reflect his personal values. Here he has been very successful, as the company enjoys a warmer and more collegial environment than its competitors. Because he skimmed off the best executives from the firms he acquired, the company's most senior operating managers were previously regarded as exceptionally capable. As these executives left or retired, Mark has not been as successful in finding replacements of the same caliber.

Mark's leadership style, unfortunately, makes for an organizationally opaque senior management. He refuses to publish an organization chart, and (reminiscent of the Ford Motor Company under the original Henry), employees risk being fired if they are discovered to have produced their own. Lacking titles and clear lines of authority, senior managers are forced to debate important matters in seemingly endless meetings and conference

calls. As inclusive and consensus-oriented as this process may be, it is all but guaranteed not to produce results. Important matters (and far too many trivial ones) are necessarily kicked upstairs to Mark, as he alone possesses final decision-making power. Mark, in fact, enjoys meddling, and does not hesitate to overrule and ignore his senior executives when it pleases him, doing so without explanation or justification.

Despite the peculiarities of Mark's leadership, the company prospered. In 1998, Mark announced he planned to retire in three years. No longer able to ignore the company's organizational shortcomings, the board of directors pressured Mark to remedy them before he retired. Their concerns centered on the interplay between strategy and structure. Mark resisted their pressure, and the more he resisted, the more they applied pressure.

Assessment. The projective techniques indicate that Mark's internal conflicts over issues of power and authority undermine his considerable conceptual and interpersonal abilities. These conflicts emerge in a leadership style carefully tailored to play to his strengths and avoid his weaknesses. Mark has organized the company around his psychological need to deny that power and authority even exist. He resists formal hierarchy and uses the rhetoric of consensus and empowerment to pretend that all managers have a more or less equal say. The company possesses a careful vocabulary about managerial roles and their relative power. Managers, in fact, are never managers—they are leaders. Subordinates are never subordinates—they are protégés who take direction from their leaders. Mark is very definitely not the CEO—he is merely "a leader of leaders," and often a "teacher." Despite his apparent aversion to hierarchy and the trappings of power, Mark is almost despotically autocratic and arbitrary. Although he could never admit this, he makes it very clear that he, and he alone, is in charge.

Mark is unwilling—terrified even—of admitting what projective measures indicate is his passionate desire for power. Desiring power means yielding to aggressive impulses that are extremely frightening to him. Consequently, he must disavow them. At a very deep level of his psyche, he cannot tolerate his impulse to act aggressively. He wants very much to act rashly, even destructively, towards others while fearing that their intentions towards him are equally malign. The only way he knows how to control this impulse is to deny it exists—power, authority, hierarchy are simply assumed away. Of course, power, authority, and hierarchy do not magically disappear because Mark refuses to talk about them. His decision-

making style, in fact, is fundamentally quite aggressive—do unto others before they do unto him. On the behavioral level, therefore, he effectively emasculates other executives while doing everything in his power to avoid being emasculated by them.

The company has been unable to commit to a particular growth strategy because Mark resists the advice of his directors, consultants, and his own strategic planners. He does not want to be hemmed in by anyone imposing options and choices—even if he agrees with their suggestions. Similarly, he resists the mandates of the board to define an organizational structure that will survive his departure from the company.

Armed with this understanding of Mark's decision-making style, the company's organizational and strategic shortcomings become apparent and easily explicable. When his control is challenged, he does not demonstrate active coping. Not only does he not allow his executives to make decisions, he is threatened by their competence. He tolerates capable executives only as long as they defer to his leadership. Even then, he sabotages anyone who might be a potential successor and rejects capable outside candidates. Action-oriented senior executives work around Mark's aversion to their making decisions by simply going ahead without consulting him and then "begging his forgiveness" for having been so rash and ill-considered. Using this tactic is an important way decisions are actually made, and senior executives regard teaching this tactic to their subordinates as an important element of preparing them for greater responsibilities within the company.

Mark's conflicts with the board of directors are almost preordained. Directors are effectively his only superiors, and he will do virtually anything to resist their giving him direction or their making decisions that he would prefer to make. Because he cannot tolerate head-on conflict with the board, he usually will not overtly resist. Rather, he indicates his willingness to do as they would like while in practice he only goes through the motions. Mark is very good at dithering, using motion to give the appearance of progress. This is the reason the company has gone three years without the strategy/structure matter having been resolved. The directors' increasing frustration only makes them more insistent that he act, and the more they pressure him, the more he frustrates their desires. Mark's tactic with the board is effectively brinkmanship—to go eyeball-to-eyeball and then see who blinks first.

Mark does not—indeed, cannot—see himself as

hurting the company by these maneuvers. To the contrary, he regards himself in grandiose terms as the savior without whom the company would come crashing down. He inhabits the company's most dramatic role and believes that, in these stormy times, he alone can save the company—just as he alone built the company. By being free to be capricious, to overturn decisions as he sees fit, he is able to preserve his power as pure potential, giving it a pristine quality that denies the limits of his actual power— the fantasy of a savior requires that he have unlimited power and make all decisions for the company. Despite his superficially nurturing and communal demeanor, other people's interests are finally of no interest to him. The company exists as the audience and opportunity for him to act out his fantasy of saving them from their mistakes. He does not comprehend how autocratic his behavior actually is.

Having an increasingly weak management team is unfortunate because Mark sincerely does not want to fail. At work, he is driven not only by a tremendous fear of failure—of which he is aware—but also by a fear of leaving an environment that is warm and familiar—of which he is not aware. The company he created has become his home. He has no outside interests, and few outside social affiliations. He does not want a successor because that means he will have to leave the home he has created for himself.

Recommendations. In many respects, Mark is the sort of leader a venture capitalist looks for to grow a start-up venture into a profitable business. Mark is a gifted and creative strategist who sees the big picture and finds meaning in the challenge of changing the world and leaving behind a legacy. He does not seek to understand the future—he attempts to create it. He has a compelling, even gripping, vision and will take risks to make it a reality. He is detail oriented, exceptionally hard working, independent, and not easily impressed. He is deeply knowledgeable about the company's operations and its products. He is especially effective in attracting followers, which he does through his elegant and sophisticated use of language in explaining what he intends to accomplish.

But let us also be clear about his liabilities. He demands that the organization identify with him and become the living embodiment of his values. His "teaching" involves indoctrinating his executives through speeches, memos, and occasionally confrontations, which he almost always wins. Despite the pretense of a participative style, he dominates meetings and tends to over-

whelm subordinates. Unconsciously, he wants to be a dictator but consciously tries to present the image of being a facilitator of equals. His unconscious wish to dominate others seeps through. Others sense it. It is evident in the effects of his leadership. But his mind sees only that which it wants to see and avoids that which creates so much anxiety that he must deny its existence. His leadership style is counterproductive at this stage of development of the organization. While he is relentless in pursuit of his goals, his passion is also marked by the primitive fear of extinction—Mark too willingly courts risk when the company would now be better served by procedure and routine. Adept at leading the company when it was smaller, Mark's methods have become inappropriate.

Mark's hands-on, controlling style is not suited to a $2.8 billion company that needs to become even larger if it intends to remain independent. What were once his strengths have become his weaknesses. Rather than cope actively with the new demands of his expanded responsibilities to set corporate objectives, he instead retreats into minutiae and trivia. When he does involve himself in operating decisions, his managers neither seek nor welcome his meddling. As the demands on his leadership have evolved, Mark has been unable to adapt. He still runs the company as if it were a start-up. He is not prepared to listen to advice or delegate responsibility and probably believes that on most matters he knows more and has better judgment than any of his executives—or directors. As more independent-minded players leave or are pushed out, succession becomes a particular problem. He runs the greatest risk of isolating himself at the moment of success.

Mark has a tendency toward grandiosity. When the company was smaller, this grandiosity was a kind of competitive advantage because it allowed him to inspire, lead, and build. As the company grew, however, its achievements fed his grandiosity while shrinking his span of control. Feeling less and less in control, he holds on even more tightly to the illusion that he is right and others are not. Were Mark less conflicted about power and authority, were his own psychological growth to track the growth of the company, he would be able to share his power and grandiosity with his senior executives so that they could operate in his stead, making decisions that he should not.

Mark's issues are deep-rooted. Once an active coper, his conflicts over power and aggression are so great that he expends too much psychological energy defending against them rather than coping with the actual demands

of his role. At the age of 53, he is not likely to outgrow them and they can only be addressed through psychotherapy. Coaching and mentoring will not work because he is too emotionally remote. The problems identified by the board of directors over two years ago will, in all likelihood, continue to be problems. When the board finally loses patience, Mark will be ousted.

Brian, 30 (Vice President of Finance for the Company's Asian Operations)—Excerpts

Introduction. Brian demonstrates congruency in active coping across levels of measures and in almost all situations. Unconsciously, he feels guilty about being successful and disavows his ambition. Although he strives to be successful, he becomes uncertain in situations that stimulate his competitive strivings. At such times, he can be overly circumspect in making decisions and may not move swiftly enough to prevent being exploited. This is his only vulnerability—the only time when he demonstrates passive coping. Because he is generally an active coper and has good mental health, his shortcomings are extremely amenable to change. With increasing maturity, Brian may well outgrow his anxiety. But in the meantime, he should be mentored to respond in an appropriately assertive way.

Assessment. Brian is highly motivated to succeed and can be trusted to do the right thing. His integrity and values are beyond reproach. He pushes himself hard and expects similar dedication from those around him. Well organized, Brian paces himself well and tolerates sustained pressure. In stressful situations, as revealed by the semiprojective and projective measures (and confirmed by Brian and his work colleagues), he remains calm and deliberate without sacrificing a sense of urgency. Confident that all problems have solutions, he prefers to see tasks through to a conclusion. At times, however, the projective tests indicate that his conscientiousness can be excessive, causing him to devote more effort and resources to problems than others would consider reasonable.

Nevertheless, his judgment is generally sound. The psychological tests demonstrate that he sees the big picture as well as the details. He approaches problems in an orderly and analytical fashion. His thinking can be as abstract or practical as situations require. Cognitively, Brian's style is cautious and deliberate. His decision-making is thoughtful and logical. Aware of the limits of his expertise and knowledge, he does not move forward until he has a full understanding of likely consequences. Once he is confident he is doing the right thing, however, he is not afraid to act.

Brian, in fact, possesses an exceptional willingness to act under stressful conditions. He easily takes the initiative and urges others to follow his lead. Confident in his judgment and good intentions, peers and subordinates trust his leadership and defer to it. His humor is warm and affectionate, giving him a natural ability to ease tensions in groups. As confirmed by the projective techniques, he picks up on non-verbal cues and emotional nuances that words and actions may not otherwise convey. During disagreements, he is able to maintain a human connection with opponents, which permits him to advance his position without belittling others or needing to be hostile or aggressive. Brian meets all of the psychological requirements of leadership.

Brian is also, however, a near-ideal subordinate. Although he prefers to resolve issues on his own, his cautious cognitive style inclines him to seek guidance from senior, more experienced executives. He has the self-confidence to accept direction without feeling diminished.

Brian is a basically trusting individual. Still somewhat naïve, he does not yet recognize early enough when others are dishonest or manipulative. His cautious style requires that he slow deliberations down to his own timetable. He prefers to examine a problem from every angle and mull over his response before acting. Many circumstances do not permit the luxury of delay. Brian needs to learn to act more quickly. While he usually knows what to do, he delays to make himself feel comfortable. He must learn to trust his judgment more so that he does act quickly when appropriate.

Brian delays acting because he feels guilty about his ambition. The semiprojective and projective tests reveal that this delay is related to a sense of guilt about his ambition. He fears that his competitive striving may destroy relationships that are sustaining to him. This causes him to dwell on problems and accept more than his share of responsibility for failures and mistakes. Indeed, he overextends himself, taking the world's troubles to heart. Moreover, when events do not unfold as expected, he becomes frightened and worried. He finds himself too tightly wound, unable to relax or sleep, and has difficulty concentrating on matters other than work.

Brian's core problem is his severe conscience. On the one hand it fosters his consistent integrity and pursuit of success. On the other hand, it imposes on him responsibility for matters beyond his control. To meet these self-imposed obligations, he overextends himself. He is unable to resist an inner voice of authority that compels him to take on more responsibility than is reasonable to accept—

passively capitulating to these demands rather than actively and autonomously determining when enough is enough. His sensitivity and wish to be helpful make him vulnerable to exploitation, as he is unable to act quickly enough to cut off those who will take advantage. He may not be tough enough in situations that require punishment, discipline, or standing up to manipulators. The unconscious guilt triggered by these situations results in a passive coping response.

Recommendations. Brian is well suited for the management of a start-up and could even be a potential future CEO. He has an intense wish to master new challenges. If the company or its largest shareholders make the effort to groom him by exposing him to increasingly important financial and operating responsibilities, his achievement orientation will repay the investment many times over.

That being said, Brian is young and inexperienced. Therefore, his ambitions need to be more focused. Brian would benefit greatly from mentoring. Ideally, this person will not feel threatened by Brian's increasing success. He will have the confidence to share his experience with Brian while exercising a light touch regarding advice as Brian works to reach his own conclusions. The company's largest shareholders have investments in multiple ventures. They need to take an active role in helping Brian mature so that when the right opportunity presents itself, they can position him as CEO of a new start up.

Brian needs to learn to tolerate that he cannot do everything, that some things are simply beyond his control. When things go wrong, he tends to feel guilty. This guilt distorts his understanding of what is actually occurring, a temporary reversion into passive coping. At such times, Brian's strength—his conscientiousness—becomes a liability because it clouds his judgment. His mentor can help refocus his judgment by pointing out where he is not to blame. This will make him more hard-nosed and realistic in his appreciation of others' actions and their motives. He needs to develop a degree of skepticism about his rivals and peers and to take a more assertive, even aggressive, stand when necessary. His mentor can help develop and hone his ability to read other's motivations and interests and respond more appropriately.

Peter, 46 (Vice President of Finance for the Company's North American Operations) —Excerpts

Introduction. Peter, like Brian, is a very healthy personality. With appropriate coaching, he too can modify the inconsistencies in what is a generally active coping style. Although he describes himself as an assertive leader willing to confront conflict, the materials elicited by the projective techniques indicate that he cannot tolerate conflict. At times when he is required to take an assertive, autonomous stand as a leader, he may make concessions or withdraw from debate. He is aware of his heavy dependency on others. Fortunately, he has both the potential and the desire to learn to recognize when he feels threatened by conflict. This awareness will enable him to counter his inclination to withdraw or concede that would otherwise keep him from realizing his leadership aspirations.

Assessment. Well educated and extremely experienced, Peter came to the company with an impressive resume. Previously he was the CFO for a division of a Fortune 100 industrial corporation whose revenues are larger than the total revenues of his present employer. He is conscientious, hard working, loyal, and trustworthy, and expects the same from others. For someone who has succeeded in companies known for tough-minded management, Peter is genuinely warm and caring.

Peter is the consummate team player, self-effacing about his own achievements while being intensely competitive regarding the group's. These qualities are reflected in his self-description, what colleagues say about him, and how he responded to the semiprojective and projective tests. His leadership style works best in groups, where he will assert himself to steer others to consensus. Colleagues sense his commitment to their well-being and are often willing to yield to his persuasive powers, confident that he is not misleading or exploiting them. A conciliator who seeks points of agreement, he is extremely well suited for the collaborative work characteristic of upper-level management. Peter is a politician in the best sense of the word.

His approach is not without its drawbacks. The semiprojective and projective tests pointed out that much of his cooperative behavior is a way of avoiding conflicts focused on personal confrontation. He possesses a great fear of conflict, thereby inhibiting or limiting his active coping capacity in confrontational situations. Although he described himself as able to confront poor performance and stand up for favored projects and proposals, his responses on the semiprojective and projective tests were incongruent with this self-description. Fundamentally consultative in outlook, Peter is uncomfortable making unilateral decisions. Moreover, when confronted by a person whose position is non-negotiable, he is more likely to concede than tolerate an impasse or a breakdown in negotiations. Also, when he has to draw the line and

control others, he may not exercise his power to its fullest. At such times, he will disappoint subordinates who expect him to behave more authoritatively.

Peter lacks the psychological autonomy needed to act independently of the group. Throughout his life, his strategy has been to blend in rather than stand out. He is willing to sacrifice aspects of his desires or ambitions in order to ensure harmony within the group. He is not aware of this sacrifice. His defining characteristic is his dependence on others, which, while a source of strength, also can be a liability. It serves him well when situations require building consensus and teamwork. It serves him less well when the action he must take requires him to tolerate divisiveness, lack of agreement, or bruised feelings. He values the goodwill and respect of his colleagues too much to be a truly decisive leader. He is limited when the role requires him to take a firm stance, push his ideas against opposition, or hold others accountable.

Recommendations. Given Peter's tremendous capacity to cope with many varieties of protracted stress, combined with his experience, intelligence, and education, he is well suited to handle the demands of senior management. His Achilles' heel is interpersonal conflict. His leadership style requires him to sidestep situations that lead to conflict among colleagues and peers. With subordinates he can be too easily conciliatory and nurturing when the more appropriate behavior is to instruct or reprimand. Too often, when confronted by unpleasant conflict, he withdraws from the situation, unable to bring his other psychological strengths to bear to implement the obvious solution.

While this has the potential to be a very debilitating weakness, it is also amenable to change. Peter understands that his career is at risk if he does not provide the leadership needed. He would benefit from coaching by a mentor who is not an immediate part of his management group. Such a mentor would require him to maintain a firm stand or make an unpopular decision. This mentor would support him in situations of conflict so that he can think clearly and take charge. Confronted by his vulnerabilities, Peter can and will surmount them.

For Peter to be a successful CEO, his collegial style of leadership would require a strong board of directors and a cohesive and supportive team of managers. Absent these conditions—for example, in a venture that requires placing large bets on unproven strategies or technologies, where disagreements over matters of corporate direction may be vehement—Peter's style is less well suited, for he may yield to his tendency to cope passively.

Mauricio, 37 (Vice President of Finance for the Company's European Operations)—Excerpts

Introduction. Unlike Brian and Peter, Mauricio is unlikely to overcome the psychological issues that are likely to undermine his achieving his career ambitions. On the surface, he is charming and easily able to seduce interviewers into seeing him as the powerful figure he claims to be. Although extremely talented and exceptionally bright, he does not have the underlying confidence in his competencies that would give him the psychological autonomy to pursue initiatives without consistent support and regard from superiors. He copes actively only when he receives the recognition and positive regard of authority figures. Absent such symbolic demonstrations that the figures he admires love and appreciate him, he passively blames those who represent authority for his lack of satisfaction or success at work. In short, he comes across well on self-report measures. It is on the deeper levels of behavior that his deeply ingrained passive dependence on external sources of esteem, predominantly superiors' approval and status symbols, are evident. This passivity and lack of autonomy is discordant with the active coping he demonstrates on self-report measures.

Assessment. Extroverted and expansive, Mauricio maintains an essentially aesthetic orientation to life and work. He derives enormous satisfaction from new experiences and stimulating situations. While he is a hard worker and can be disciplined and systematic, he dislikes routine and seeks to avoid it. His ability to improvise is exceptional, and he is comfortable with uncertainty and change. Earlier in his career, Mauricio was on track to become partner at a Big Five accounting firm. Hoping, however, to combine his skills in finance with an interest in long-range business development and corporate strategy, he left public accounting to join his present employer.

Mauricio excels at tending to relationships. His ability to minister to the perceived needs and desires of powerful superiors lies at the very heart of his success. He devotes considerable attention to relations with senior executives of large corporate customers, financial institutions and the investment community, government officials, as well as those at competing divisions within his own company. This social dexterity, combined with his strategic sense, make him a capable negotiator. He is exceptionally able at explaining his position in ways that take into account the other person's perspective and needs. Attuned to what his listener wants to hear, he is facile at

changing his self-presentation. Although he does not formally work in the role, these qualities make him a successful rainmaker.

Mauricio is adroit at reading other people because he works for their approval and recognition. He has a strong desire to be the center of attention. Valuing achievement, he strives to succeed in order to be admired and respected by superiors. He derives enormous satisfaction from being recognized for his accomplishments. Almost exclusively oriented towards pleasing superiors, he can be very high-handed with peers and subordinates. He rarely consults others and includes them only as absolutely necessary for his own success. Confident that his solutions are the right ones, willing and able to implement them, he is indifferent to what colleagues think. He sees them as objects he can manipulate in his quest to advance himself.

The projective measures indicate that unconsciously, Mauricio believes he is unworthy of being loved. To compensate, he continually demonstrates his competency at work. Through achievement, he earns the esteem of his seniors, which, in turn, makes him feel valued in ways he cannot find in himself. As inadequate as he feels, success at work fuels a propensity to think he can achieve what others do not think he can, and that he is permitted to cut corners and bend rules others may not. At the same time, he has a nagging suspicion that his sense of entitlement is unrealistic and unmerited.

To convince himself that he is in fact powerful, he relies on external symbols to represent his basic sense of self. The best external symbols are material—money and what (lots of) money can buy. Without them, he lacks confidence that he can take charge effectively. Less visible symbols, such as power and position within the company, are valuable to him only to the extent they allow him to play a starring role.

Desperate to be a star, he frequently acts as a prima donna. He exercises his skill at connecting socially with others primarily to provide himself with an audience. As much as he requires the approval of authority figures, at the deepest levels of his psyche, he regards them as weak and bungling—as less competent than he. If they disappoint him—and they inevitably will—he will abandon them and look for replacements. Towards superiors he does not respect, he makes his contempt evident. Because colleagues are never friends or even allies, he has no one to turn to when he does fail. His peers perceive him far more accurately than do his superiors and tolerate him only as long as he delivers results.

More than is typical of senior executives in large cor-

porations, Mauricio is sooner or later likely to quit or be fired. The moment he does not receive the approval and rewards he desperately wants, he is likely to leave in a huff. Because he has so few allies to protect him, he risks being fired for the kinds of setbacks or failures that better-liked executives would survive. As he goes from company to company in a series of high-level lateral moves to escape his sense of injury and disappointment, Mauricio will plateau in his career.

Recommendations. Mauricio is too self-centered and insecure to be an effective leader. He is unwilling to be a loyal team player because he sees authority figures as bungling and prone to disappoint him. At the same time, he is equally indifferent to leading others or creating an environment in which others can succeed. As charming, even seductive in his appeal as Mauricio is, investors must be on guard so that they do not harbor false expectations that he will magically rise above who he truly is. If he were to join a start-up venture, the most investors could expect of him is that he be a member of senior management with important responsibilities that he will discharge with great skill and success. But they must remember that he requires considerable handholding. Incapable of being mentored, incapable of leading, he can only be managed.

The easiest way to manage Mauricio is for colleagues and investors to treat him as someone special. He is extremely susceptible to flattery. The more praised and respected he feels, the more flexible he will be in what he will do for the company. He will work extremely hard if he gets from his superiors the symbolic recognition he craves. When he asks for feedback on his performance, his superiors must remember that what he is really asking for is reassurance to counteract his wavering self-esteem as well as calling attention to a performance that is going very well.

Mauricio's problems call for a stronger, more corrective response than most executives are able or willing to give. The psychological issues that drive his behavior are deep-seated. For him to resolve them, he needs long-term psychotherapy. His problems are not amenable to coaching or mentoring. An empathic therapist could give him the admiration he requires, which would enable him to focus on external matters rather than internal issues of self-esteem.

DISCUSSION

Psychological assessments such as those used in the cases above can provide investors and directors with

insight into the likely fit of the individual with the role. Mark is a nearly ideal leader to build a start-up into a profitable business. Investors and directors must appreciate, however, that when the company requires more stable, routine management, his strengths will become liabilities. When bureaucracy and procedures are needed, Mark is not one to give up control. At that point, directors could facilitate his gracious exit by offering him the opportunity to repeat his success at another start-up. Brian is exceptionally well suited for the stress of running a start-up venture. For the time being, until he gains confidence, Brian would benefit from several years' grooming before stepping into the role of chief executive. Peter may well be happier (and more effective) in a larger, more traditional corporate environment. Although his stability, expertise, experience, and mature leadership would give investors confidence in the depth of a new venture's management, he is himself unlikely to be comfortable as a CEO. Mauricio is a wild card. Directors and investors should be wary of his seductive appeal and harbor no false hopes that he can provide the kind of leadership a new venture would need. He can be given important responsibilities that do not require leadership.

CONCLUSIONS

Perhaps the greatest benefit of an in-depth psychological assessment is the clarity it can provide investors in identifying where the vagaries of business problems shade into matters of individual psychology, as in the example of Mark. As difficult as implementation of corporate strategy usually is, the problem is all the greater for start-ups that lack the organizational structure or market presence that enable more established firms to ride out individual failures of leadership. Smaller firms must have the most capable leaders. These businesses are often only as strong as their leadership. A psychological assessment of a new venture's leaders may be the last mile in a decision whether to fund a particular venture. Through the use of psychological assessments, venture capitalists will enhance their returns by funding entrepreneurs most likely to function well in the stressful environment of a start-up.

ENDNOTES

[1]To predict how an individual will cope with the demands of an executive role over time, we assess how uncon-

scious phenomena relate to more conscious, experiential, and observable psychological phenomena (such as behaviors and expressed values, thoughts, and feelings). This process calls for a variety of tests to tap both surface and underlying aspects of personality. Traditionally, such a battery consists of an array of assessment techniques along two separate but related dimensions, ranging from structured to unstructured, and from objective to projective.

To relate the objective–projective dimension to the structured–unstructured dimension, we can view objective and projective tests as stimuli that present differing degrees of situational constraint on behavior. According to Walter Mischel's (1977) distinction between strong and weak situations, strong situations (e.g., objective stimuli) leave little room for the expression of individual differences, because everyone sees the situation in the same way, understands the expectations, and knows the sanctions for failing to comply with those demands. Such situations tend to suppress individual differences. Conversely, ambiguous situations, which contain few cues to action or information about behavioral sanctions (e.g., projective stimuli), allow for greater expression of individual differences (Schutte, Kendrick, & Sadalla, 1985). One study showed that by manipulating the situational strength, researchers could systematically vary the validity coefficients from low (0.13) to moderate (0.32) to substantial (0.42; Monson, Hasley, & Chernik, 1981). Monson concluded that individual differences in personality would have their strongest impact on behavior in relatively unstructured, psychologically weak situations. This conclusion has practical relevance for selection for executive roles, where one is trying to assess individual differences in a relatively homogeneous pool.

In psychological assessment, we can think of tests as being structured, semistructured, and unstructured. This dimension refers to the degree of specificity of the tasks involved in a test. Structured tests resemble questions with right and wrong answers. The tasks are specific, with little opportunity for individual interpretation of the task. The more the subject is permitted to use his own ideas and imagination in responding, the less structured the situation is. For unstructured tests, the tasks are vague and unfamiliar, and they require that the subject contribute much to the interpretation of the task itself. The tests within a battery are chosen so that the three levels of structure are represented.

Structured tests are typical of standard self-report measures. Tasks are so highly defined that the subject is fully aware of what is expected and has minimal choice. He is expected to find the standard answer, rather than one reflecting personal choice. This eliminates the need to use his personal resources in order to cope with the task. His responses provide little information about his uniqueness as a person. Indeed, the more unusual the subject's answers to self-report measures, the stronger is the inference that an internal psychological process has become so dominant that it has pervaded the perception of

the situation from which the individual should be able to exclude it. By contrast, unstructured tests offer subjects minimal information regarding the demands of the task. Therefore, subjects must turn to themselves, formulate what the task involves and how to cope with it, and summon the energy to commit to a response.

Reviewing a person's responses to structured, semistructured, and unstructured tests thus permits comparative inferences on all three levels of personality. We may assess whether the person has the capacity to cope effectively with all three types of demands. If the subject does not cope successfully on all three, then we ascertain whether the difficulty is only in the more personal, unstructured situation, or whether the difficulty is more pervasive and includes difficulty at the semistructured level, or whether the difficulties are pathological and permeate all aspects of functioning.

This continuum of structured to unstructured situations may be mapped onto life situations to help us understand the degree to which an individual is dependent on external guidance and direction for effective coping. Our definition of the effective and emotionally healthy person is based on the concept of the capacity to cope with most of life's situations, ranging from those that permit little initiative to those that require a great deal of initiative. A battery of tests of the type just described provides a basis for judging the individual's ability to match that definition. From this description, one might expect, for example, that more effective coping on unstructured psychological tests would differentiate effective from ineffective leaders. Using unstructured tests to assess coping is clearly superior to observing whether the person has a weak handshake or a sweaty palm, or fidgets during a role play—the methodologically naïve approach of most industrial and organizational psychologists.

Closely related to the structured–unstructured continuum in psychological assessment is the objective–projective dimension. Objective assessment techniques—including role plays and behavioral interviews—represent clear, unambiguous stimuli that permit a high degree of conscious control over what is revealed about the self. Consequently, such techniques assess observable aspects of personality functioning. Individuals who are successful by normative standards find it easy to fall back on the structure of the test situation to produce what they understand to be the desired image. In particular, candidates for top executive roles are already quite good at behaving appropriately and skilled at monitoring their responses. These individuals are likely to maintain firm, steady eye contact, exude poise, and shake their interviewers' hands with a cool, authoritative grip. Objective techniques are therefore poor predictors of executive functioning among candidates for top leadership roles.

Projective techniques, in contrast to objective assessment techniques, present relatively vague and ambiguous stimuli for eliciting underlying personality characteristics. One technique (Sentence Completion Technique; Pratch, 1996) asks the sub-

ject to complete several incomplete sentences (e.g., "He was happiest when . . ."). Another (Thematic Apperception Test; Murray, 1938) asks the subject to make up stories that describe a series of pictures. The key to projective techniques is that, like the unstructured tests, the stimuli provide little structure to guide the response. They thereby reveal aspects of individual functioning related to underlying structural dimensions inaccessible with objective tests.

[2]Although remembered largely for his proselytizing on behalf of LSD and other hallucinogenic substances, in the 1950s Leary was a well-respected member of the Harvard psychology department. His theoretical work remains highly regarded.

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