CHAPTER 6

Why Leaders “Eat” First

In the U.S. military, officers eat after the enlisted men do, at least according to the leadership writer and speaker Simon Sinek. This practice reflects the increasingly widespread recommendation that the best leaders first look out for the interests of others, particularly those who work with and for them, before those leaders take care of themselves. Simply stated, leaders who want to build engaged, high-performing workplaces look after those for whom they are responsible, and by so doing, they display the admirable qualities of generosity and unselfishness. There is even a term that describes at least some dimensions of this style of leadership, “servant leadership.” To be clear, servant leadership sometimes entails more than just putting the interests of one’s employees and others before one’s own. Reviews of the servant leadership concept define and distinguish it by its heavy focus on the well-being of followers in contrast to the typical emphasis given to organizational well-being. In that sense, the idea gives primacy not so much to followers over leaders as to putting the interests of employees over organizational performance.
The underlying logic is that by focusing on people and their needs, including the needs for interesting work and for being treated like adults and therefore for being permitted to make decisions and have some control over what they do, leaders can produce great teams and develop superior company performance as a consequence of the effort to put people and their well-being first. Servant leadership is characterized by trust, the appreciation of others, and providing empowerment—letting followers make more decisions—something that is good for both people's learning and development and also their sense of personal efficacy.

The growing emphasis on and attention to the idea of servant leadership has led to the founding of numerous centers, including the Greenleaf Center for Servant Leadership and the Spears Center for Servant Leadership, as well as servant leadership centers at some colleges and universities. Naturally, the idea of servant leadership has spawned numerous books and conferences on the topic.

Much like other forms of leadership that have attracted attention, such as authentic leadership, the idea of putting others first and taking care of and being responsible for those working for and with a leader appeals to most people's values as well as their intuitions about what leaders should do. Leaders, who by definition have relatively more power than others, including the power to profoundly affect the lives of others, would also seem to have greater responsibility because of that power, so the logic goes. With power comes responsibility, and with greater power presumably comes even greater responsibility.

Putting employees first and taking care of those for whom the leader is responsible makes ethical sense. Most religions have mandates to be generous and concerned with the welfare of others, whether through the requirement to tithe a percentage of one's income or admonitions about taking care of the poor and less fortunate.
The evidence suggests that taking care of employees also makes business sense. Consider just a few examples. Vineet Nayar became the CEO of HCL Technologies and made this Indian outsourcer incredibly successful, growing its revenues, profits, and market capitalization 600 percent in just eight years. Nayar attributes his and HCL's success to the decision, in 2005, to put employees first, even above customers.5

Richard Branson, the entrepreneur and founder of Virgin Atlantic Airways, advocates putting the employees first, the customers second, and the shareholders third, as did Herb Kelleher, who during his tenure at the helm of Southwest Airlines made that company not just a great place to work but also financially successful. Jim Goodnight, the cofounder and CEO of SAS Institute, the largest privately owned software company in the world, has always emphasized employee well-being and takes the company's ranking on the best-places-to-work lists very seriously. So, too, does Kip Tindell, the CEO and founder of the incredibly successful business The Container Store.

There is obvious logic to this prioritization: when companies look after the well-being of their workforce, the workforce turns over less and is more engaged, thereby reducing turnover expenses; employees, in turn, do a better job of looking after the customers and of innovating. And when the customers fare better, so do the shareholders, as research by Claes Fornell of the American Customer Satisfaction Index demonstrates.6

DO LEADERS PUT OTHERS' INTERESTS FIRST?
It might be great if leaders looked after employee well-being and "ate last," but, to continue the metaphor, if I were in a food line and I was very hungry, I would not count on most leaders to care much about how much food I had on my plate. As with many of
the prescriptions about leadership, it is virtually impossible to assess the frequency or even the growth of servant leadership, or the extent to which leaders put the interests of others in their organizations first.

But even without comprehensive data, we can use other indicators of the extent to which leaders put their own interests ahead of the well-being of their people. First, if leaders regularly prioritized their employees, then such instances should not be particularly noteworthy, as they would occur all the time. Conversely, if leaders mostly put themselves first, those leaders who don't behave in a very self-interested way should attract a lot of notice because such behavior is so unusual even as it is also desirable. Second, the very fact that there are numerous writings addressing the difficulty of implementing servant leadership suggests that it is tough to do—which implies unselfish leadership is rare.

Perhaps a more direct way to assess whether the idea of taking care of others is gaining prominence is to ask some reasonably straightforward questions. First, how are organizational resources divided? Do leaders, like officers in the military, partake of what is left after their people are cared for, or do they cut to the front of the line and scoop up as much as they can? And when a work organization encounters difficulties and faces reduced resources, including jobs and money, how does the reduction, the economic stringency, get apportioned between leaders and others?

Stop the snickering. There are actually some places where sacrifices fall more heavily on the higher-level leaders, who in some sense are probably both more responsible for the organization's problems and also undoubtedly better able to cope financially with reduced wages and hours. At the Japanese power company Tokyo Electric Power (TEPCO), an incident put the company's
very existence at risk after the Fukushima nuclear plant disas-
ter, which followed the earthquake and tsunami, and there were
widespread pay cuts. But the cuts were distributed so that the
higher someone’s organizational rank, the greater the percentage
of a cut in pay that employee experienced. Of course, this took
place in Japan, where cultural norms concerning employees are
different from those in the United States, and where honor and
behaving honorably are more central to leaders’ identities.

The TEPCO example is clearly an exception. Power is posi-
tively correlated with hierarchical rank, and senior people mostly
use their power to protect both their jobs and their salaries and
perquisites. Take the case of jobs. A while ago, the organiza-
tional sociologists John Freeman and Michael Hannan asked why the
size of the administrative component—administrative overhead—
seems to rise inexorably in organizations. Their answer, empir-
ically tested in a study of school districts, is simple: when times
are good, the number of administrators (and probably everybody
else) expands, but when times are bad, administrators, closer to
the locus of decision-making and with more power, protect their
jobs disproportionately, with the loss of jobs concentrated among
the frontline people with less influence over the decisions about
where and what to cut. Therefore, as this cycle repeats itself over
time, the percentage of people in administration inexorably in-
creases. Their study speaks directly to how power leads to job
protection for those in power—for the leaders, but not the led.

Income protection may be even more prevalent than pro-
tecting administrative positions. Here the sad fact is that when
leaders mess up, they typically leave with lavish severance pack-
ages while regular employees suffer job losses and wage cuts.
Consider, among the multitude of possible examples, Hewlett-
Packard, which forced out three executives, Carly Fiorina, Mark
Hurd, and Léo Apotheker, in a relatively brief period of time.
Even Apotheker, who was in the CEO job for only about eighteen months, and who did the worst financially by the company, left with many millions. After all, Fiorina, who engineered the ill-fated Compaq merger, which cemented HP’s position in the dying, low-margin personal computer industry, left with a package north of $50 million.

Robert Nardelli, after coming from GE to Home Depot, which under his tenure lost market share to Lowe’s and saw its stock price decline almost 20 percent, left with about $210 million when he was forced out by his board. Rick Wagoner, at the time the CEO of General Motors, was shamed into forgoing a $1 million bonus at the very moment he and his senior management colleagues were asking GM’s unionized workforce for wage givebacks. GM eventually went into bankruptcy and was bailed out by the government. Wagoner, however, still got out with about $23 million.

The airline industry presents a depressingly similar picture of constant wage concessions and benefit cuts for employees ranging from pilots to flight attendants while senior leaders continued to prosper even as the companies failed—at least, if you define failure as going into bankruptcy. And then there are the retailers. In 2012, Don Thompson, the CEO of McDonald’s, earned about $14 million in compensation even as the company published helpful hints for its employees, which instructed them on ways to survive on their low wages, including how to access various forms of public assistance and how to economize on various expenses.⁸

And there’s the stark data on CEO pay. CEO pay is well known as being untethered from what happens to regular employees, a fact that explains why the multiple between CEO pay and that of the average worker continues to widen to nosebleed levels. As one analysis of growing CEO income noted:
Management has always been overrepresented among top earners, of course. What has changed is what they are paid. About 70 percent of the increase in income going to the top 0.1 percent from 1979 to 2005 comes from increasing pay for executives and financial services professionals. . . . One study by the Economic Policy Institute . . . found that compensation for chief executives swelled about 725 percent in real terms from 1978 to 2011. At the same time, worker compensation increased just 5.7 percent.9

As a consequence, the gap between CEO pay and average employee pay has increased on average from about 20 times in 1965 to more than 200 times some forty years later,10 with other estimates indicating that a typical CEO of a large company makes more than 330 times what the average worker makes in that same company.11 The gap between average employee and CEO pay is largest in the financial industry and smallest in technology.12

And it is not the case that the rise in pay comes from vast increases in corporate performance. "The growth of earnings for executives has outpaced growth in the stock market or in corporate earnings, by a wide margin."13 Indeed, much research suggests that CEO pay is reasonably unaffected by corporate performance. One meta-analysis summarizing the results of numerous studies concluded that company size accounts for about 40 percent of the variation in CEO pay while performance explains a trivially small 5 percent.14

To be sure, there are exceptions, such as the ice cream maker Ben & Jerry's, the office furniture manufacturer Herman Miller, and the grocery retailer Whole Foods Market, all of which have articulated company policies limiting CEO pay to some reasonably low multiple of average employee salaries. But again, these are the few exceptions in a landscape in which leaders mostly
take care of themselves. Or as a former student told me one evening at a dinner accompanied by a little too much wine, “We live in an era of shared sacrifice. The employees sacrifice, and I share in the money they give up.”

The various examples of taking bonuses and other large payments while asking for wage and job cuts from the rank and file, the growing disparity between CEO and average employee pay, and CEO and senior leader economic security often obtained at the expense of the workforce—all these factors belie any widespread empirical evidence that senior leaders are taking care of others first. For the most part, leaders just take care of themselves, regardless of what they should do either to adhere to moral strictures or to make their organizations perform better.

**WHY LEADERS DON’T LOOK OUT FOR OTHERS**

Remedying self-aggrandizing leader behavior requires, first of all, understanding why such behavior occurs. Many well-understood, potent psychological processes help explain why leaders seldom look out for others, notwithstanding the benefits from doing so and the numerous normative exhortations for leaders to care for their subordinates’ well-being. Once we understand why leaders typically eat first, we can develop recommendations that, if implemented, have a much greater chance of changing behavior than do all the inspirational speeches and stories that accomplish so little.

If you happen to strike up a conversation with a fellow passenger on a plane or a stranger at a cocktail party, one of the first things you will probably do is to see what you have in common with that other person, and similarly that individual will do the same in talking with you. That’s because shared experiences and social identities—where you went to school, worked, common
interests—bind people together in a unit relationship. Possibly for evolutionary reasons—those who were best able to identify relatives or others who shared similar genetic traits and then help those similar others had a higher chance of perpetuating their characteristics over generations—people are very attuned to quickly identifying and reacting to similarity and dissimilarity.

Research shows that people are more likely to help those who are similar to them, even in trivial, unimportant, and random ways—a finding that suggests identifying and helping similar others is an almost automatic, mindless behavior. Some studies show that sharing even incidental and irrelevant similarities, such as birthdates, fingerprint patterns, or initials, increases the likelihood of an individual's acceding to a request from another for help. Furthermore, people are attracted to others who are similar—in fact, similarity in attitudes and other dimensions is one of the most important, fundamental bases of interpersonal attraction—and prefer those with whom they share some commonality, including similarities in speech patterns, pace, and tone of voice.

In short, because we prefer things that remind us of ourselves—an idea sometimes called implicit egotism—people are more likely than chance to live in states that remind them of their own names and are also more likely to choose occupations whose names remind them of their own.

What this means for leaders taking care of others is this: in many work organizations, leaders share little or nothing in common with those they lead. I recall visiting a large forest-products and paper company in a relatively small town. In the company headquarters building, the executive floor was accessible only through locked doors, to which typical employees did not have unfettered access. Leaders often travel on private planes, and they have staff who attend to their wishes with such
diligence that leaders need to be careful about the casual remarks they make, as others may not take them casually and implement offhanded comments. Some companies still have executive dining rooms and reserved parking based on rank. All of these practices reduce not only shared experiences but also even incidental contact.

Particularly with the growing frequency of outside succession into leadership, including the CEO position, leaders share few experiences with the people they are leading. The new bosses may be from outside the industry and as a result share little common history or experience with the rank and file. Leaders appointed from the outside are, in fact, often strangers when they take on the leadership role, except possibly to the board members who hired them. Therefore, why should leaders, sharing little in common with those they lead—indeed, in many cases hardly knowing or having contact with the led—be expected to feel close to their employees or look out for their interests? Much psychological research and theory suggest they will not.

Because of the importance of contact and similarity in creating relationships, leaders who do seek to be responsible for and to others try to reduce interaction barriers and thereby increase contact with the people who work in their organizations. For example, one of the things Sergio Nacach did when he took over the Andean region of Kimberly-Clark, headquartered at the time in Lima, Peru, was to remove the physical barriers that precluded access to the executive offices. Nacach wanted to build a team environment and was very much someone who appreciated all employees. But Nacach is an exception. Such barriers that separate executives from employees are common in headquarters, particularly in parts of the world that emphasize hierarchy and social distance, such as parts of Asia and South America.
Second, leaders are highly motivated to protect their self-esteem and their sense of competence, as, of course, are most human beings. One manifestation of the desire to think well of oneself would be to not blame oneself or one's close colleagues for organizational problems but instead to "externalize" such problems by coming to think the issues are because of the actions and interests of others. This mental dynamic means that leaders almost invariably distance themselves from feeling personally culpable and instead blame problems on others. So, for years Rick Wagoner and other leaders of General Motors blamed GM's economic woes on the high benefits paid to union workers, many of whom were former employees. These benefits included retiree health care and pensions, and pay for people laid off and awaiting recall. The thought that GM's problems might derive from the fact that the company produced cars that customers didn't value as highly as they did competitors' vehicles—in 2004, Toyota received an average of 30 percent more per vehicle sold—would hit too close to home. And the idea that GM's cost problems were the result of excessive management rather than worker salaries would definitely hit much too close to home.

Similarly, airline industry leaders frequently attribute economic problems to overpaid, unionized employees rather than a strategy of providing quality customer service, or a lack thereof, that has driven people away from flying. Or they attribute operational issues such as delayed flights to airport congestion, even though in the hub airports that are often dominated by one airline, the airline itself has done the flight scheduling that has created the peak loads on facilities. Once leaders use other groups such as employees, or, for that matter, other departments, as scapegoats for performance problems, expecting those leaders to then care for or about those others is just foolish.
Research shows that leaders take credit for good company performance and attribute poor performance to environmental factors over which they have no control, to predecessors, to macroeconomic issues, or sometimes to other organizational interests, particularly frontline employees. So when senior leaders complain about the competitiveness problems stemming from high labor costs and excessive staffing, they are mostly referring to the costs of frontline salaries and the number of people actually doing the work.

I saw this phenomenon in action when an enormously wealthy and powerful figure in the world of finance commented at a conference I attended at UCLA that the United States was finally getting on the road back to competitiveness because autoworkers’ salaries—at least for new employees—had come down to a level where they were even lower than comparable positions in Mexico. His statement so shocked me that I turned to the man sitting next to me, the labor historian Sanford Jacoby, to be sure I had heard correctly. I had. On that particular occasion I refrained from asking what executive salaries were in his firm or in finance more generally, and if the United States would be more competitive if those salaries were reduced.

Leaders who have come up through the ranks and have done many if not most of the organization’s jobs are much more likely to look out for the interests of those they lead because they have been there themselves. That is one plausible explanation for why, in general, leadership in the military is not just better but why senior military officers typically show a higher level of concern for the well-being of their people than do leaders in many companies. Military leaders come up through the ranks, so they once were in the positions of the people they lead, and therefore have much more empathy for and understanding of their subordinates. Outside succession, and particularly succession by
industry outsiders with limited frontline experience, exacerbates the tendency for leaders to not give the interests and well-being of others much priority.

**INDUCING LEADERS TO TAKE CARE OF OTHERS**

As will be explored further in the next chapter, selfish and self-interested leaders are not necessarily the biggest problem in workplaces—the problem is expecting relatively rare behavior to be common and then acting on the basis of that expectation. Expecting reciprocity, generosity, and selflessness is a wonderful sentiment but will almost certainly produce disappointment in many if not most organizational situations. That does not mean, however, that there is nothing that might be done to induce leaders to be more concerned with the well-being of those they lead.

In the first place, the field of leadership should learn something from economics and agency theory. Agency theory is a formal, analytical exploration of a pervasive, important, and profound problem: Owners delegate operational control to managers and managers delegate responsibility in turn to lower-level managers. But owners and leaders at all levels often have difficulty monitoring and therefore controlling or even evaluating what the people to whom they have delegated power are doing. Consequently, the problem that agency theory addresses is how to align incentives and develop contracting arrangements, including optimal compensation schemes, so that in the course of pursuing their own narrow interests, agents, the people to whom power has been delegated, will also wind up serving the interests of the principals who have delegated that decision-making authority to them.  

The point of agency theory is that with the right measurements and incentives, many of the problems entailed in aligning otherwise conflicting interests can be solved. Without going
quite that far, there is nonetheless much that might be done in the case of leaders looking out for the welfare of others. As noted earlier, before Hewlett-Packard got carried away with a series of unfortunate outside CEOs, the company at one point based manager reviews in part on survey results from people working in the managers’ units. That measurement provided managers with some real incentive to look out for their people. SAS Institute evaluates leaders on their ability to attract and retain talent. In that very strong culture organization, leaders who do not take care of those they lead, even while setting high performance expectations and meeting business objectives, do not last very long in the company.

If leaders are expected to take care of and develop their people, then it is essential to measure whether or not they do, and then hold them accountable for those measurements. For instance, at DaVita, the kidney dialysis company, measurement is ubiquitous and important, including measurements of leader behaviors oriented toward the people they lead.

DaVita has a senior management internal development program called the Redwoods program. Many of DaVita’s frontline facility leaders are nurses, but more recently the company has begun to hire MBAs to enrich its talent pool. The person in charge of the management development program, himself an MBA, naturally enough favored people like him. So he disproportionately selected other MBAs to participate in the program. But because the company measured who actually was selected for this program, the outcome of his bias was visible, and when it persisted, the individual was fired. The new person knew to treat nurses as fairly as any other group in getting them ready for promotion.

Measurement and incentives won’t solve everything, but they might solve quite a bit. When leaders’ own jobs and salaries depend on how well they look after others, they will do so. Until
then, relying on leaders' generosity of spirit or the exhortations of the leadership literature is an ineffective and risky way to ensure that leaders take care of anyone other than themselves. If we really want leaders to look out for others, companies and maybe even the larger society need to give them some pretty concrete reasons to do so.

Also, if part of the problem is the psychological distance between leaders and rank-and-file employees and their work, there are ways to diminish that separation. One is the simple management-by-walking-around practice that has been discussed and advocated for decades. Another useful practice is to ensure that leaders understand what the frontline people actually do. At DaVita, a program called Reality 101 requires that people who ascend to the rank of vice president, either by internal promotion or outside hire, spend a week in a dialysis center—not observing, but doing real work. Southwest Airlines used to have its senior leadership spend a day in the field once a quarter doing a frontline job (one that each individual was qualified to do—no flying planes if you were not a pilot!). At the online retailer Zappos, all new hires, regardless of their level, undergo customer service training at one of the company's warehouses.

A related practice is to spend greater attention to promoting people from within, something strong-culture organizations invariably seek to do as a way of ensuring that the culture is maintained by those who understand it best. Promotion from within has other favorable results, such as signaling to those inside the organization that they are as valued and as valuable as unknown outsiders—which will serve to both motivate and retain internal talent.

And another useful policy is making sure that the people who are promoted have had exposure to the core of the organization's activities, whatever those are, at some point in their careers. That way, the leaders would both better understand and appreciate the
work of the frontline people who design and build the products and provide the customers with service.

Exhortations for leaders to be concerned with others may work to increase such behavior for people otherwise already inclined in that direction. But ensuring more psychological identification with and contact between leaders and those they lead, and using measurements and incentives to both assess and reward the desired and desirable behaviors of leaders that demonstrate actual taking care of others, are much more reliable ways to ensure that at least a few more leaders “eat last.”
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10. Ibid.


13. Lowrey, "Even among the Richest."


