The Economist

History lessons for managers

Three national leaders from whom business executives could learn

BUSINESS leaders often have a poor opinion of politicians, preferring to find their heroes elsewhere—in other boardrooms or on the coaching field. But running a country is an even greater test of leadership and character than running a corporation. Those who have passed through the fire surely have something to teach modern-day managers.

Take three of the most feted national leaders: Otto von Bismarck, Franklin Roosevelt and Winston Churchill. Many will object both to what they achieved and to the violence they used. But their successes and failures hold lessons for CEOs.

Bismarck was an old-school Prussian aristocrat. But he proved remarkably flexible and imaginative during nearly three decades in office. As a manager, he had a clear goal—to unite Germany under his king (who became Kaiser Wilhelm I in 1871). This required him to overcome the suspicions of other German states, which he did by uniting them against a series of enemies, from Denmark through Austria to France—a merger strategy that allowed Germany to compete on equal footing.

Bismarck also proved flexible when it came to domestic policy. Though no social reformer, he worried about the danger of working-class support for socialism. So he pushed through a series of welfare measures in the 1880s, including old-age pensions and health insurance. He understood the benefits of social responsibility long before CSR departments became a thing.

Like many corporate empire-builders, however, he overreached—in his case by annexing Alsace-Lorraine from France. But his less capable successors were less disciplined still; it was they who led Germany down the path to disaster.

Where Bismarck built a successful conglomerate, Roosevelt proved to be a consummate turnaround artist. Like the Prussian, FDR showed plenty of flexibility. Although he campaigned for office on the promise of a balanced budget, he adapted when circumstances required it to become the first Keynesian leader. Economists will probably spend the rest of history debating the merits of his various policy measures. But like an executive who rescues a failing company, he showed the power of leaders to change the mood, notably with his inaugural declaration that “the only thing we have to fear is fear itself.”

As he took over the presidency, in 1933, unemployment started to fall and GDP began to rise; the latter rose by 9.5% a year in his first term of office. Although there was plenty of doubt about the route that Roosevelt took, there was no question about his desired destination, whether ending the Depression or winning the second world war. He communicated his message clearly and often—a lesson to modern bosses, even if they prefer Twitter to fireside chats on the wireless.

That made him popular enough with voters to remain at the helm for 12 years, until his death in 1945—twice as long as shareholders in America tolerate a typical chief executive today, and three times as long as they do in Britain. Although he was flexible on economic policy, he was unimpressed by ideologies such as fascism and communism, and remained true to the core principles of the American enterprise. Many executives would do well to emulate Roosevelt’s confidence in his own judgment and his ability to convey it (it helped that this confidence seldom proved unjustified).

Like Roosevelt, Churchill was supremely confident. His political career contained numerous mistakes and many episodes of poor judgment, not least when it came to his attitude towards citizens of British colonies. He would not have lasted long as a modern chief executive, given his bad temper, excessive drinking and eccentric working hours. He was never short of ideas but his subordinates learned to ignore most of them. Like Steve Jobs, a similarly mercurial figure, the first part of his career ended in failure.

But as with Apple’s founder, Churchill’s other qualities won out. His strategic insight was unrivalled, whether recognising that Hitler was a threat to the world in the 1930s or refusing a peace deal with Germany in the dark days of 1940. He was canny in using his charm to get aid from Roosevelt before America entered the war—and flexible when he accepted an alliance with Stalin’s Russia, despite his lifelong anti-communism. His bulldog attitude and powerful speeches inspired after a succession of mediocre leaders.

Clear strategic goals, flexibility in tactics and an ability to inspire others. Those are three qualities that any executive or entrepreneur might usefully acquire. Bosses should read more history books.

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