

Narcissism: The hidden cost of success

The grand qualities of a founder can lead to rigidity in the business and undermine competence in successors.

By Ivan Lansberg

Starting out with nothing and creating a successful enterprise is a minor miracle. It takes energy, talent, hard work, and luck. Founders face formidable odds and must be relentlessly determined. Small wonder that those who succeed, through years of effort, are treated as heroes by their families and communities.

Part of that success may stem from narcissism—an exaggerated sense of self-importance. Indeed, Manfred Kets De Vries, a European management expert, has suggested that a certain degree of narcissism is necessary to spark and sustain the courage and tenacity that drives the Henry Fords and Bill Gateses of this world. Narcissism is often a reason why entrepreneurs choose to blaze their own trails.

Once family business founders have succeeded, however, the stature and privilege success bestows can create an unhealthy narcissism, too, characterized by a craving for attention and approval, a fixation with success and public recognition, and a lack of empathy for others. If not understood, this dark side can threaten the health of the business and the competence of would-be successors.

Recognizing the dark side

The concept of narcissism, introduced by Freud into the clinical literature, is rooted in the mythological character of Narcissus, who becomes so captivated with his own reflection when looking at a pool of water that he cannot see, hear, or react to the needs and warnings of others. Narcissus's self-absorption prevents him from eating and drinking and he ultimately perishes alongside Echo, his faithful companion, whose failed attempts to gain his attention put her in a deep depression that also leads to death.

Psychologists suggest that narcissism is, in essence, a reaction to feelings of vulnerability, to worries that despite success a person could lose it all. Narcissists compensate by creating conditions that continuously remind them that they are special and thus deserving of the adulation of others. As Kets De Vries tells us: "Their sense of drama, their ability to manipulate others, their knack for establishing quick, superficial relationships serve them well in organizational life. They can be phenomenally successful in areas that allow them to fulfill their need for greatness, fame, and power."

Over the years, I've noticed that many business families seem to internalize certain narcissistic elements that form part of the founder's personality. They weave these traits

into their business processes and collective family business identity. The danger is that once the narcissism of a founder becomes ingrained in the family's culture, the family's capacity to sustain the enterprise is often diminished. Narcissistic families often close themselves down to learning. They develop a sense of entitlement, a feeling that they alone know better, a belief that their situation is simply too complex for anyone else to understand. In so doing, they foster complaisance, and a "we've always done it this way" attitude that ultimately hinders their adaptability. Many of these families go out of business because of their refusal to abandon obsolete products and practices, to accept new ideas, or to change strategy.

How is the narcissism of founders transferred to their families? When the narcissist creates conditions that make the satisfaction of his or her own needs the central organizing principle of the family. Early in the development of their family business, their spouse and children learn to regard the narcissist as the sun and themselves as mere planets who can only shine by reflecting the light that emanates from the center. To compensate for the sublimation of their own needs and identities, family members rapidly begin to define themselves not as individuals but in terms of their relationship to the central figure. It is not unusual for these families to equate the "first generation" of the family with the very founding of the business.

Narcissistic entrepreneurs often create myths that perpetuate their larger-than-life image in the history and culture of their family. These myths can have the unintended effect of fostering a sense of inadequacy in succeeding generations, who may feel that their own talents and accomplishments pale in comparison. The more insecure successors feel about their competence, the more they try to compensate by artificially buttressing the stature of the family itself. Thus, the narcissism creeps into the culture and identity of the overall family.

I certainly do not mean to imply that entrepreneurial accomplishments of preceding generations should not be acknowledged and celebrated. Of course they should. They are a legitimate, integral part of any family's legacy and identity. The trap is that narcissism can compel families to idealize founders to the point of undermining the sense of identity, self-worth, and competence of other family members, especially potential successors.

Countermeasures

How, then, might business families protect themselves from the insidious byproducts of narcissism? This psychological trait seems to be an inherent ingredient of leadership. Whether it turns dysfunctional or not is a matter of degree. If business families can enhance their awareness of this threat through education and counseling (at both the individual and the family level), their capacity to counteract the debilitating effects of narcissism will be strengthened.

Families can also help themselves by avoiding undue biographical revisionism that sustains heroic myths about their forebears. Humanizing founders by acknowledging not just their accomplishments but also their follies can be reassuring to the individuals who have long lived in their shadow.

Celebrating the uniqueness of each family member, respecting each person's right to pursue his or her own calling (in or out of the business), applauding education, all help to maintain a sense of perspective that can counteract narcissism. Families can also formalize educational activities like attending family business forums and conferences that provide opportunities to benchmark with others. These experiences are often reassuring for family members precisely because they validate that much of their life's experience is germane to being associated with a family enterprise. Recognizing and learning to cope with narcissism is part of that experience. Learning about the achievements and failures of others can help family members—including the founder—maintain an appropriate sense of humility and perspective.

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