Apes, Ninjas and Economics 1.01: 
The Myth of the Leadership Shortage

by Christopher Clarke

Everyone is saying that there is a leadership shortage, so it must be true right?

Wrong! There are exciting, interesting and important jobs for boards, business leaders and recruiters endlessly seeking better leaders, but there is no real shortage. We will describe here why people came to believe that there is a shortage. Then we will demonstrate, using ideas from anthropology, evolutionary psychology and economics that there is really no shortage. Rather we need to be more open in developing, seeking and finding leadership candidates. Happily, the sky is not going to fall in after all.

The Origins of the Myth of Leadership Shortage

Like Robin Hood, Camelot and many other folk tales, the myth of a leadership shortage is grounded on historical facts.

The proposed logic for a leadership shortage is beguiling. It is based on an increasing demand for senior executives and a limited or declining supply of suitable candidates.

The Demand for Leaders is Increasing

There are a number of arguments as to why the demand for leaders is increasing. These include:

• The world economy is going through an unprecedented era of growth. New businesses are spawning and old ones are getting bigger, global and more complex.
• CEO and executive tenure is falling. This leads to more frequent vacancies
• The growth in world population and therefore people in employment, requires leadership to manage the newcomers

The Supply of Leaders is Inadequate or Declining

Arguments proposed for this include:

• Lean organizations do not carry surplus management for succession
• Some CEOs remove potential rivals so there is no succession
• The baby boomer leaders are retiring and in some major countries the next generation is smaller
• In the fast growing economies of Asia, for example India and China, there are too few locals with international business experience and training and the ability to communicate in the international business language, American English, is limited. As a result inward investors cannot find the leaders they need.

These points are taken as self evident logic by most of those engaged in the competitive market for talent. They should not be. Three arguments against this logic follow.
Apes and Evolutionary Psychology

Most educated people accept that we are closely related to apes and other simians, sharing a common evolutionary tree and, in the case of chimps and bonobos, 98% of our genes. Charles Darwin recognized that behavior, as well as physical characteristics were likely to be partly inherited.

Since the 1960s, evolutionary psychologists and anthropologists have provided much evidence that troops of monkeys and apes behave in many similar ways to us or sadly vice versa. As yet, little of this research has been applied to management thinking.

Consider what happens in a troop of baboons or chimps, when the leader dies. Does the troop stay leaderless for long? No way! Would be leaders compete, make alliances, offer rewards to one another until a new leader seizes power. This should sound very familiar to many watching succession in large organizations. Among apes there would have to be a devastating loss of potential successors to leave a leaderless group.

Taking this further, experiments have shown that the dominant male mandrill develops high hormone levels and special characteristics. These result in especially bright colors at both ends of the dominant male, increased bulk and amazing hair styles. Similar hormonal changes have been observed when managers get a significant promotion, fortunately without some of the effects on male mandrills.

Lest this seems too male oriented, bonobos, which are closely related to humans in many aspects of their behavior, are dominated by the females socially. The males compete for the attentions of the females begging for their food and other favors.

Moving these arguments into the executive suite, large organizations are no more likely to remain leaderless than monkey troops. Others step in on an interim basis, new leaders emerge, or in a crisis they come in from outside. It might be arrogant to consider billions of Chinese and Indians to be without leadership. The growth of their economy owes more to their local entrepreneurs than to Western multinationals, who are often defeated by local competition.

Maybe Napoleon was right when he said,

“Every corporal has a field marshal’s baton in his knapsack”

Ninjas and executive mobility

In 15th Century Japan, the feudal rulers were protected by fortresses, fearsome Samurai and food tasters. Lacking generals with the skills to bypass these seemingly impenetrable defenses, rulers hired Ninjas, outsiders, to lead and deliver attacks on their enemies. The Daimyo were not the first or the last to hire leaders from outside to further their strategies.

Xerxes the Great of Persia hired Greeks to learn how to face the formidable Phalanx in the 5th century BC. Sun Tzu was a mercenary general a century before. General Chenault was hired to hold back the enemy hoards in the air, by Chiang Kai Shek.

Modern businesses do nothing more than follow ancient wisdom, when they bring in outsiders with special skills to key leadership roles. Leadership ‘shortages’ can be filled from within and, fortunately for us in the executive search profession, from without.

‘Aha!’ You might say, ‘but what if they are hard to find? Does this not prove that there is a shortage of leadership? It is certainly true that many leaders are less willing to trade whole life balance for service in difficult locations. Many are unwilling to move for family reasons. Some skills and experience are in short supply. None of this negates our argument. That is where the laws of economics come in.
Almost anyone in business will recognize the simple chart below. It shows a Supply and a Demand curve. We will apply this to the supply and demand for leaders, to deal with the issue that they may not be readily available.

As the price for leaders rises, (Salary, bonuses, pensions, stock options, executive offices, cars jets and administrative support…), the demand for such executives falls. This manifests itself in leaner organizations, outsourcing, use of technology to reduce the workload and moving the leadership roles offshore. All of these things are happening.

As the price of leaders rises, the supply of leaders rises. Leaders may work longer hours. Retirement can be delayed. Leaders are more willing to move to tough spots or assignments. Homemakers return to the workforce. Price keeps going up until the point shown by the dotted line where supply and demand matches. In other words, any shortage of leaders is resolved by the inexorable laws of Supply and Demand.

Of course life is not as simple as we propose here, but economists love to complicate simplicity. They have prepared deeper ways of looking at this.

If we introduce a time dimension, we can argue that on a time scale of two minutes leadership is certainly a fixed quantity. Fortunately, life is not quite so demanding. Experienced and qualified interim managers can be found within a week, by those who are set up to find them. Smart organizations, like GE, MacDonald’s and others, are expert at developing a cadre of leadership candidates over a period of time.

Going right back to the foot of the leadership ladder, and with the longest lag on leadership supply, are schools and universities. It may take 20 or more years before the output of schools get a shot at a senior role. This is why there are ‘shortages’ of engineers and English speaking Chinese leaders today. 25 years ago, the education planners had imperfect foresight of today.

Economics 1.01 explain this time element in terms of shifts in Demand and Supply as below.
The arrival of eager leaders to reap the higher pay levels drives down the pay levels. Being an economist it is difficult to resist the opportunity of complicating this further. There are of course many markets for leaders. At a granular level it can be for one individual. We can cut the market, by country, by type of expertise and cultural background in infinite ways. Each sub market can have its own supply and demand curves. Higher prices for one mini market for leadership will attract others to retread themselves and move across over time.

Dealing with the Real World

So we have used three arguments to dismiss the idea that there can be shortages of leadership. The real issue is that leadership is available so how does your company compete to get the best available at a reasonable price?

About the Author

Currently, based in New York, Chris Clarke is President and CEO of Boyden World Corporation. Boyden searches for CEOs and top management from over 70 international offices. Boyden’s clients include major multinationals and national businesses as well as rapidly growing entrepreneurial companies. Chris has been Boyden’s CEO for 8 years. During this time, Boyden has expanded its office network and continues to grow and strengthen its position.

His previous role, based in Singapore, was as Managing Director, (CEO), for South East Asia, for US management-consulting firm AT Kearney. His strategy-consulting career, which started in London, involved advising some of the world’s major corporations.

For six years prior to that, he was a managing director with an investment bank in the City of London, focused on cross border M&A. His earlier career included roles in marketing and general management in the UK.

Too many executive search firms trot out ‘the usual suspects’ for any Fortune 500 leadership job. If we always want 50 year old, white men from Harvard, we are likely to find a shortage of supply.

We argue that we need to:

• Pay the market price for what you need
• Develop a tried and tested cadre of successors
• Search more internationally when there is a vacancy
• Consider greater diversity
• Consider leaders who are outside the usual age ranges
• Recognize that existing senior team members might have the ability to grow and step up to the plate.

But let us stop pretending that there is a shortage. ‘Seek and you will find’.

Chris has been a Visiting Professor of Strategy at Henley Management College, since 1994. He has contributed to MBA and executive programs in both Europe and Asia. He writes, broadcasts and teaches extensively on: strategy, corporate finance, M&A, board governance and leadership.

He is a former member of the Board of the Association of Executive Search Consultants and a fellow of the Chartered Institute of Marketing. He was formerly Chairman of the Strategic Planning Society in London.

Educated in the UK, he has a BA in Economics and a Masters in Management.