



## Q&A:

David Marcum & Steven Smith were interviewed by marketing legend Guy Kawasaki on September 4, 2007.

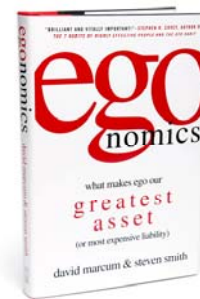
**GK.** Which comes first: big ego or success? That is, it takes a big ego to be successful or you start with a normal ego, somehow achieve success, and then get a big ego?

**MS.** First, there's a vital difference between "big ego" and big ambition. Successful people usually start with big ambition/big ideas, and a "normal" or healthy ego. That combination of ambition, ideas and healthy ego drives their success. If they're not careful though, their success creates the illusion that it was them *alone* that achieved that success. And the more publicly visible they are, the more they believe the headlines that attribute their success to just them.

Once they assign all of that success to themselves, their ego whispers how great they are, and anything else they think or do will be equally great. That's when healthy ego becomes "big" ego, and it's hard to convince ourselves it's not just us, because our self-written history reinforces that we're the *one* that did it.

**GK.** The opening line of your book is, "Ego is the invisible line item on every company's profit and loss statement." Why is it invisible?

**MS.** Because it hasn't been measured, and yet people know the costs are there. Over half of all businesspeople estimate ego costs their company six to 15 percent of annual revenue; many believe that estimate is too conservative. But even if ego were only costing six-percent of revenue, the annual cost of ego would be nearly \$1.1 billion to the average *Fortune* 500 company.



The reason ego stays invisible is because we don't talk about it—we talk about everything else, like numbers. It's also easier to talk about lighter topics like "communication," "decision-making," "leadership" or "teamwork." But the most sensitive, yet most powerful topic, is ego.

We think people should look at management capabilities in the same way Dmitry Mendeleev looked at the periodic table of elements. He was the first person to organize the elements by weight—lightest to heaviest. The same thing is true in business—each capability has different weights; some lighter, some heavier. The “atomic weight” of the ability to manage the *human* element of ego is greater than all of them.

There are other important elements on the leadership “table,” but ego has the most weight—in large part because of the affect it has on everything else. And yet it’s the most avoided. People have been afraid to talk about ego because they don’t understand how it works, especially at work. And the conversations they do have about it are usually at the water cooler and in private. More importantly, it’s almost always seen as someone else’s problem, and that needs to change.

**GK.** What are the telltale signs of an over-inflated ego?

**MS.** First, let’s be clear that most people—99% of us—don’t have over inflated egos *all* the time; just some of the time. When ego over inflates (or even under inflates) you’ll know by watching for 4 early warning signs:

1. Being defensive: defending ideas turns into being defensive
2. Being comparative: being too competitive actually makes you *less* competitive
3. Seeking acceptance: desiring respect and recognition interferes with success
4. Showcasing brilliance: ideas can be overshadowed by your own intelligence and talent

Let’s take just one that gets a lot of people in business, and usually triggers the other three warning signs: being comparative or too competitive. Here are some things you can watch for—do you:

1. see someone you work with as a rival and think about how to “beat” them?
2. take disagreement with your ideas personally?
3. compulsively follow a competitors “lead” (copycatting) so they’re not doing anything you’re not?
4. criticize competitor’s strategies and prematurely discard them as irrelevant?
5. believe you don’t ever deserve to lose; a game, a conversation, a debate, a promotion, a raise, etc.? (And you’re not gracious in defeat.)
6. disagree with someone’s point just because they’re the one who said it?
7. feel worse about where you are when you see what others achieve?

**GK.** Then what is a “healthy” ego?

**MS.** *Genuine* confidence; confidence that doesn’t have to exert itself to “prove” it’s confidence. Healthy ego keeps us from thinking too highly *or* too little of ourselves and

reminds us how far we have come while *at the same time* helping us see how far short we are of what we can be. But to understand what healthy ego is, you have to understand the relationship between ego and humility. For most people, tradition holds that the opposite of excessive ego is humility, when in fact having too little ego is just as dangerous and unproductive as having too much.

When we strike the right balance between ego and humility, we're genuinely confident. We call that the "ego equilibrium" in the book. But since there's a natural tendency to deviate from the equilibrium, when we move just right or left of center, we get false confidence, and ego manages us rather than the other way around. As a result, our strengths morph into counterfeit weaknesses, like someone who's passionate now becomes overzealous, or if we're strong-willed, now we become inflexible. We think it's the same thing, but it's not and everyone around us notices the difference.

Imagine that the spectrum of ego is magnetic, with the strongest pull coming from the two ends. At the center, the magnetic pull on either side has little effect on us. But the closer we move to the extremes, the more the magnetic pull affects us and the harder it is to make our way back. The longer we stay off-center, the more comfortable we become being off-center. If we don't quickly recover, we're more likely to develop bad ego habits.

**GK.** How can humility survive in a capitalistic, "dog eat dog," market? Is it realistic to expect it?

**MS.** That's the cool thing we discovered in our work, and the perceived "weakness" of humility is the assumption even in a question like this one (which is one of the *very* questions we asked in our research). Humility is the only real way to become great, everything else being equal. As a trait, humility is the point of equilibrium between too much ego and not enough. Humility has a reputation of being the polar opposite of excessive ego.

In fact, the exact opposite of excessive ego is no confidence at all. Humility provides the crucial balance between the two extremes. When Jim Collins did his work in *Good to Great*, humility was one of only two characteristics he discovered that separated leaders capable of leading good (even very good) performing companies, and leaders who made their companies great performers. And all of those leaders who lifted their companies to great (and sustained it for over fifteen years) did it in the same "dog eat dog" world everyone else was in. Humility was custom made for the dog eat dog business world.

**GK.** Is there such a thing as not enough ego?

**MS.** Definitely. In fact, more people and company cultures suffer from this than you might think. We call it the "Junior High" side of ego; that we need the approval and acceptance of others so much that we make decisions we wouldn't make if we felt more genuinely confident about who we are.

That lack of enough ego puts others in the driver's seat of our self-confidence, and people start to shape their thoughts and actions to what they believe will be endorsed by others; they become "pleasers" and don't offer what's on their minds. Companies then get "good" ideas from people—but sadly, not their best. Ironically, when they don't get our best, they're less likely to give us the acceptance we deserve.

When our desire for acceptance is healthy, acceptance and respect are still important to us, but they aren't our solitary goal. We can want acceptance without letting it affect our self-worth or authenticity. When our desire for recognition and respect is balanced, we draw a clear distinction between who we are and what we do.

**GK.** What is your analysis of Steve Jobs?

**MS.** You know Steve much better than we do. We think Steve's gone through a metamorphosis in *how* he works. He's always been exceptionally gifted as a creator and designer (it's in his DNA), but he used those gifts in a way that drove people away from his company and minimized the talent and creative IQ of the people around him. Once he was kicked out of Apple, life began to humble him through his own health challenges, his reputation, losing what he created, etc. Interestingly, Steve came out of that time of his life with a healthier ego, because life had humbled him and he accepted the lessons.

At his commencement speech at Stanford a couple of years ago he said, "I'm pretty sure none of this [NeXT, Pixar, his return to Apple, the iPod and iTunes] would have happened if I hadn't been fired from Apple. It was awful tasting medicine, but I guess the patient needed it."

Humility is a powerful antidote to unhealthy ego, and we can either humble ourselves, or wait for life to humble us. There was a *Fortune* magazine cover about one year ago that had Steve on the cover, but the two-page spread inside had six or seven people sitting next to him. We thought that picture said it all; he's no longer in this by himself, and it appears that he recognizes that. As a result, he's a much better leader.

**GK.** How does an egotist "reform" himself or herself?

**MS.** Uh...therapy! The truth is, true egotists rarely reform. *egonomics* isn't for the small percentage of egotists in the population who need therapy. But in terms of reformation, we all need some. Maybe it's the way we present our ideas, defend our positions, think about ourselves, share our talent and expertise, motivate people, etc. But the first step in any kind of reformation is awareness because where there is no awareness, there is no choice.

And that awareness can't only come from ourselves. Get feedback, ask people how you're doing, and watch for any of the 4 early warning signs. We give companies who

read *egonomics* free access to an assessment that measures how healthy the culture's collective ego is. People can get there by going to [www.marcumsmith.com/survey](http://www.marcumsmith.com/survey).

**GK.** What should you do if you work for an egotist?

**MS.** Run to the nearest exit and find somewhere else to work. But if that's not an option, then fighting their ego with your own isn't the answer. Egotists rarely win unless they're in positional power, then you can't do much. But if they're not your boss, then sit down and talk to them about what you're noticing, and make sure it's not your own ego. Sometimes we assign other people the worst of what we're seeing in ourselves. We also talk a lot in the book about how to communicate to get someone else to open their mind, back off a locked position, or change the way they're working with you. Bob Sutton at Stanford wrote a very good book called "The No Asshole Rule" that deals more with the pure egotists. Our work is focused on the rest of us who aren't A\*\*holes, but lack just enough humility to reach our real potential.

**GK.** Which of the six main presidential candidates do you think does the best job managing their ego?

**MS.** Well, rather than answer what *we* think, we'll let a survey answer that question (was that politically deft, or what?) We web surveyed about 1,200 people and asked questions about how voters would rank the humility, curiosity and veracity of each candidate; things like how would handle making mistakes, what kinds of people they would put in their Cabinet, how open-minded and forthcoming they are, how curious they are about policies they don't understand, how diplomatic they would be internationally, etc. About two-thirds of the people who responded were republican. Not sure how to explain that. But what's interesting is that a republican didn't win what we called the "presidential egonomics" survey. A democrat, Barack Obama, was the clear winner with a score of 80.3 out of 100.

**GK.** The worst?

**MS.** Edwards, Giuliani, Romney and McCain all came in at about the same score, and all about 6 points behind Obama. Guiliani was slightly in second place by himself, and Hillary Clinton was clearly last at 68.4.

**GK.** What would be different about each of us-how would we change-if we did a better job managing ego?

**MS.** We would be more open-minded about views that don't agree with ours, and less rigid in making changes when we're challenged with them. Closed minds and fixed positions may be the most prevalent outcomes of mismanaged ego. Good leaders keep

their minds open. But great leaders open the minds of others in the most intense circumstances, even against the odds of prejudice, politics, and habit.

But in those circumstances ego can trip anyone, at any time, momentarily if they confuse their identity (who they are), with their ideas (what they think and believe). When we slip, we stop defending our ideas and we get defensive. We stop sharing our brilliance, and try to dominate the conversation with it. Or rather than let ideas compete with each other to let the best one win, we start to compete with each other. All of which has the net result of closing minds and the opportunity or innovation or change in a company. After all, if people's minds are closed—even partially—there isn't much innovation or change happening in the company; just talk about it.