New Age Consulting (NAC): "Cronus" in Organizational Life

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Jesper sequestered himself in a meditation room at New Age Consulting (NAC), sat down heavily, and cupped his face in his hands in frustration. He couldn't believe what had just happened. How could Iannis have made all those accusations against him and the other partners? How could he have blamed the partners for all of NAC's problems? And in front of all of those people! And Jesper couldn't believe that after a year and a half of haggling with Iannis and the other partners over the share issue, Iannis would in a split-second just scrap the whole agreement!

Jesper got up and walked to the glass wall overlooking the small cafeteria with its many plants and its Balance Score Card Tree.[1] He remembered the first time he'd hung his card on that tree. It had taken him forever to write out his plans and ambitions for his first year at NAC. He was so full of energy and ambition on that day, and so proud that he had been chosen out of 135 candidates to join this up-and-coming consulting firm, so different from any other place. He had learned so much and had such fun with his colleagues in the first few years that it had barely even felt like work. Iannis had been his hero then, with his inspiring speeches, his incredible vision, his warmth and humility—a dream boss, really. Jesper closed his eyes for a long moment. How had it come to this? Where had it all gone wrong?

NAC: A New Age Dream

It was NAC's rather odd job advertisement that had caught Jesper's attention in the spring of 1995. The advertisement asked for junior consultants but didn't specify any requirements for education or experience; it required only a service-minded attitude. (As it turned out later, the firm screened first for attitude and later for smarts.) Jesper's curiosity was immediately aroused, and he anxiously wrote to NAC to explain why he wanted to be a consultant in service management. Within a few weeks, he had been invited, along with 134 other candidates, to take part in a recruiting day at NAC's Copenhagen office. The candidates were divided into small groups and spent the day taking part in discussions, ethical debates, creative sessions (involving painting, no less!), and sports activities. Various employees of NAC facilitated all of the sessions, and the setting was informal and comfortable.

It was on that day that Jesper met Iannis for the first time:

> "Iannis was charismatic, though he looked modest and approachable, and he had a good sense of humour. Even in the short speech he gave, he moved and inspired people with his vision, energy, and drive, although his language was often poor, with half sentences and poor grammar. Everyone had the feeling that this man had a vision and a mission, that he and his small firm [at the time NAC had only 20 people] were going to be a success."

1 Balance score cards were used at NAC to measure performance. The cards monitored (on a quarterly basis) four key areas of a consultant's life: billable hours, knowledge-sharing, innovation, and customer satisfaction. The results helped management to predict customer satisfaction and retention as well as financial success.

Iannis had tough words for "old establishment" consulting firms such as McKinsey and Boston Consulting Group (BCG), with their "old boys' networks." Jesper was instantly drawn to his revolutionary ideas:

> "From that first speech, I knew I wanted to be part of Iannis's adventure and journey. Within a week, I was invited back for an assessment and within a few days chosen along with one other person to become a junior consultant at NAC. I had succeeded over the other 1500 applicants who had initially written to NAC and the other 134 candidates who had attended the recruiting day. I was overjoyed!"

From day one, Jesper loved working at NAC. He remembered walking into the office on his first day. There was something in the atmosphere, something difficult to describe, that made the place feel open and informal. Maybe it was that everyone in the office seemed to genuinely enjoy themselves. And even a visitor couldn't help but notice the grand piano in the reception area, which Jesper knew musicians were regularly invited to play. Then there was the beautiful cafeteria, with its Balance Score Card Tree displaying everyone's plans and ambitions for the year. Even the pinball machine in the hall seemed to somehow fit in with the happy atmosphere. Each new assignment that the firm took on was announced through the sound system, preceded by Sinatra's "I did it my way." And of course there were the meditation rooms. They had no telephones, only optional soft music and a computer. The consultants would go there to be alone, sleep if they wanted to (a blanket and some pillows were always on hand), or simply work in peace.

The Chicken and the Pig, David and Goliath

In those days, the NAC culture could best be described as open, hard-working, cohesive, team-oriented, fun-loving, intense, and driven to exceed clients' expectations. HR types often used the term *spirituality* to describe the culture, referring to the consultants' motivation to exceed client expectations and to the energy in the firm—energy that was at the same time autonomous and cohesive. Jesper observed that this culture fit in well with the typically open, direct, and transparent Danish culture:

> "The culture at NAC was very outspoken and was based on young people working for a cause. Problems only began with senior people, who were not so naïve anymore and expected more—for instance, higher wages, bonuses, company cars, and things like that that didn't fit into the culture. More experienced people wanted also to have a formal say in the management. And that was a problem for Iannis."

Iannis worked hard and used a lot of drama to keep the spirit and unique culture of NAC alive. He frequently organized events and meetings to "strengthen the culture." In one of these meetings, he brought a live chicken and pig to demonstrate the difference between being committed and being involved:

> "The chicken lays eggs for its boss," announced Iannis. "It is *committed*. The pig, however, gives its whole self to the boss. The pig is *involved*." He paused and

> looked around the room at the young consultants. "We don't need people who are *committed*," he said. "The world is full of committed people. If we want to be the best, we need people to be *involved*."

With his dramatizations and inspiring speeches, Iannis could easily get people to accept his challenge to do more and work harder. "In order to be good, you have to suffer pain," he would say. "You can learn only when you make mistakes." Iannis deliberately pushed and tested his young consultants. In fact, he pushed some so hard that they quit in frustration.

Iannis was particularly brilliant at inspiring his consultants by creating a "David and Goliath" scenario: little NAC against the big and mighty McKinsey or BCG. As a young consultant, Jesper was impressed:

> "When I first came to NAC I knew this was the place to be. I could be myself, and it was very exciting to work for a little consulting firm that was a threat (to a certain extent) to the big consulting firms. Iannis almost created a cult around this topic. We were fighting the 'expensive and arrogant' consultants. We were the 'good guys.' We had a very strong group identity and were constantly reinforcing it by short trips to Paris and Stockholm, fun shopping in Copenhagen, football matches in Athens. Iannis really created the illusion that we were special and that he was personally involved with our well-being."

"Money will Never get to me"

For an ambitious young consultant like Jesper, NAC was a much more promising environment to work in than the big consulting firms, with their implicit hierarchy and conservative culture. There was no system of "up or out" at NAC, and there were no barriers to a consultant's development. Recalled Jesper:

> "It didn't matter how old you were or how senior you were (or weren't) in the company. If you had a good idea, you just told it to Iannis, and if he agreed with it, he would give you the opportunity to pursue it yourself."

There was also no hierarchy or internal rivalry between the consultants. It was a group of young, highly motivated people driven by a desire to create value for the customer and to make their dreams come true. They shunned the pursuit of power or money. Their relatively low wages were accepted as part of the deal. Iannis always said:

> "When a company can't or won't put spirituality, attention, and energy into employees, only then will they want to be compensated with more money…. I don't believe that capital in itself has any rights…. I don't have much respect for people who make money from money. Money will never get to me."

Iannis the Storyteller

Jesper liked Iannis from the beginning. He was the kind of boss everyone would have, if people could choose. He was friendly and casual and always had time for his employees. He was also incredibly down-to-earth, hating suits and the hierarchy and establishment that generally went along with them. A great storyteller, Iannis could inspire people with his tales. Jesper, the son of a hard-working blue-collar man, was particularly moved by stories of Iannis's poor background and of his having had to wash dishes in the university cafeteria to pay for his studies. Iannis's dream was to build a "brighter service future" and to give people a better place to work. He wanted to train young people to lead NAC. He always said things like, "In the end *you'll* run the company, and then you won't need me anymore. I'll be only the inspirational leader, not the CEO." Jesper was attracted to ideas such as these.

Jesper particularly admired Iannis's views on leadership development and on open communication, especially with clients. Every three months NAC held a panel discussion with clients, which all of its consultants had to attend. The company also conducted regular client surveys, prepared a new firmwide Balance Score Card every year, and put on a Learning Day for consultants every four months. Jesper learned a great deal during those first few years, and he was delighted to be part of a fast-growing and successful company.

Growing Pains

The SWANs

In 1996 there were about 10 consultants, most of them quite young, who were considered to be Iannis's top team, his SWANs (*Smart, hard-Working, Ambitious, and Nice people,* real team players). Jesper was one of them:

> "Iannis strongly believed in partnership in those days and wanted to know which of his SWANs would eventually be suitable partners in NAC. Looking back, I think that Iannis was consciously testing us to find out what kind of people we were and if we were suited to become partners. He tested us in various ways. First, of course, by giving us big and difficult projects to manage. He also began to speak a lot with the people we worked with, trying to assess our strengths and weaknesses. He frequently planned days with us just to talk, not about the business only, but more about life, family, and values. We went often to a quiet place like the beach or the golf course. For us, it was a great experience. Iannis gave us a lot of attention and made us feel very special. He created an atmosphere in which we felt comfortable."

Iannis would later tell Jesper that this was his strategy to get to know people well in a short period of time. "Create an atmosphere where people feel comfortable and important, and they will tell you everything," he said. "In that kind of atmosphere, nobody plays a part anymore and the real person comes out." Another of Iannis's strategies was to organize social events where spouses were also invited. Iannis was always "on duty" during these events, remaining sober and analytical while everyone around him got drunk and talked freely about the company and their colleagues. That was his way of getting a full picture of his consultants.

Forming the Team

By 1997, Iannis's picture of the players was clear. From the initial ten SWANs, he chose six consultants to become shareholders of the company and to be part of what he labeled the Management Team. The team complemented Iannis in terms of strengths and weaknesses:

> "I was the theoretical conscience of Iannis," explained Jesper. "Iannis is a story-teller who can move people with his words. What he lacks is the ability to structure things and place them consistently in a theoretical framework. He's a dreamer and he needed me to ground him. The other five chosen to be shareholders had other competencies that Iannis lacked and needed."

The six new shareholders were between 25 and 30 years old, with experience in consulting, but not in managing a firm. Their first years as shareholders were a big adventure, and they relied heavily on Iannis for management advice:

> "Because of the selective entry and the strong group identity, we felt very special and privileged to work for NAC. In those early days, *love, fun,* and *meaning* were key words. We had a sense of community, a sense of meaning, emphasis on training and development; our leader was accessible and down to earth, we were empowered, and there was a flat structure and accountability. Too good to be true, I guess … but what happened to this fairy tale?"

The Management Team met frequently in the early years after its inception. The meetings weren't very structured in those days, and they seemed focused more on creating cohesion and togetherness in the group than on actual decision-making. Much of the time, Iannis consulted the shareholders before the meeting in order to build a strong coalition prior to formal discussion of any issue. During the meetings, Iannis asked questions and presented ideas in such a way that it was all but impossible for the other shareholders to say no or disagree. He also implemented a "going around the table" principle so that he was never the chairman of a meeting.

> "He allowed the weaker members of the team, like Lars and Marian, to speak first," recalled Jesper, "having already spoken to them prior to the meeting. In this way, he rarely needed to make the points he cared about; he let others make them for him. If anyone strongly disagreed or had a counter-opinion, Iannis would ignore him or her for weeks at a time. Yet Iannis never missed an opportunity to remind everyone that the members of the Management Team were equal and that he was just part of the team."

Growth and Partnership

By 1999, NAC had 90 consultants, was consistently profitable, and possessed a solid client base. The six senior consultants (the ones who were shareholders) were made partners, among them Jesper. The six partners gradually took on more responsibility and became increasingly independent. It was an exciting time for NAC—so much growth, so many changes. Yet despite the excitement and the changes, there was a noticeable decline in employee satisfaction. Jesper attributed the decline to a lack of leadership and coaching:

> "The firm had become so large that Iannis couldn't handle everything on his own anymore. But I couldn't figure out to what extent Iannis was aware of this. In public interviews Iannis gave at that time, he attributed the dissatisfaction among his employees to the behaviour of a major client: 'This client's inability to make substantive progress is creating frustration and dissatisfaction among NAC consultants, which in turn jeopardizes the retention of key consultants—NAC's future leaders.' I still don't know if that's what Iannis really believed."

In an attempt to give employees more control over their own particular bailiwicks, Iannis introduced a business-unit structure, under Jesper's supervision. The BUs gave the firm an enormous boost in profits and growth. [How?] The unit structure meant that Iannis wasn't in charge of everything anymore. It also meant that the partners were now not only shareholders and Management Team members, but also "intrapreneurs": in charge of their own business units. They were responsible for the employees in their respective unit and for that unit's profits and losses. In one sense, the partners became competitors, then. Jesper wondered whether Iannis had pushed for the BUs knowing that the changed structure would place the partners in a competitive scenario.

Going Global

That year, a well-known international management professor dropped in on one of NAC's Learning Days and was impressed by the energy and sensitivity of the young consultants. When told of Iannis's aspirations to make NAC a global company, she expressed reservations: "[The consultants] are all nice and intense people…but they're so Danish. Although their right brain [which handles soft skills and the "emotional quotient"] is very well developed, their left brain [which handles analytic skills and numbers] is underdeveloped. In order to be competitive globally, NAC needs consultants who are not only emotionally intelligent but also good at number-crunching." Iannis was extremely disappointed by the professor's comments.

After that Learning Day, Iannis became focused on only one thing: creating a global culture at NAC. In succession, with one transition a year, he hired an American CFO, established a subsidiary in the UK, and added another in Belgium. With a multinational crew, the Management Team meetings now had to be conducted in English; and with the added complexity of cross-border dealings, Iannis became obsessed with figures and procedures. It suddenly seemed as though there was a procedure for every little detail. For example, he hired an ex-Bain consultant to set up a remuneration committee, something that would have been unheard of in years past. As the company grew and flexed its global muscle, its unique people-driven, long-term, intuitive, creative, and flexible culture and management began to evolve? [seems like it should be 'dissolve']. Iannis named himself CEO, crippling the "democracy" that he had touted in the early days of his management. The Management Team meetings were generally disastrous, largely because Iannis's role as CEO and his role as a member of the Management Team became blurred. Iannis sometimes played the role of CEO and dictated decisions and other times called on the partners to team up as equals to make decisions, “for the sake of NAC’s stability.” Jesper felt that Iannis was caught in a dilemma:

> “On the one hand, Iannis wanted to build a big global company and therefore had to bring in managers, delegate, and step back from the day-to-day decisions. On the other hand, what he really wanted was to be in the centre of the company, as the spider in his web. He wanted to pull the strings, to be loved, to show people he could accomplish things.”

“This isn’t my Company Anymore”

Not only had Iannis changed his leadership style, he also seemed to have a different philosophy and vision. Whereas money had never seemed to matter in the past, Iannis was now obsessed with the bottom line. The focus of NAC was no longer on exceeding client expectations, but on results. Iannis hired more and more people from the outside—people who, in Jesper’s opinion, didn’t fit in with the NAC culture:

> “Iannis told the partners that they were too nice to each other and that in order to grow, he needed ‘real’ managers to manage the firm and to focus on results. The icons of the NAC culture were slowly fading. People no longer played songs like ‘I did it my way’ when they got a new assignment. I couldn’t even remember whether the piano player still came in on Monday mornings.”

Many found it difficult to handle the new changes and left. One of the two shareholders who left the firm at that time said to Jesper before leaving, “We’re becoming a serious consulting firm. This isn’t my company anymore.”

> “There were four shareholders left. The situation was a time bomb. It could have either exploded or dismantled. The latter occurred. Iannis suddenly decided to take a sabbatical and, at the beginning of 2000, left for California to stay for five months.”

Iannis in the Mirror

Jesper thought back on the changes that Iannis and the firm had gone through in the two years before Iannis’s trip to California. What had triggered such drastic changes in Iannis? Jesper hardly recognized him anymore. Jesper knew all the stories about Iannis’s difficult, lonely childhood. Iannis had grown up in Aalborg, a town in the northern part of Denmark. He had no brothers or sisters and very few friends. His fondest memories were of those few times he played football with the neighborhood children. He once told Jesper that the partners of NAC were like the family he’d never had.

> “In many ways, Iannis really considered us family. ‘Stick with me and I’ll take care of you,’ he often said. He would do favors for people who were loyal to him. In his view, he didn’t do any harm with that: he was only helping his ‘family.’ But in my opinion, he bought people’s loyalty. He offered once to hire workers to

> decorate my house instead of having me do it on my own as I was planning. I refused because I didn't want to be in a situation where I had to say thank you to Iannis and I didn't want to become dependent."

There was a profound sadness in Iannis's eyes whenever he spoke about his father, recalls Jesper. He could no longer remember what the older man had looked like. Iannis must have been around five years old when his father, who came from Greece, suddenly abandoned the young boy and his mother. He just left one day, without explanation. Iannis never saw his father again. He had only his mother. The one dependable and constant factor in his life, she was also his father-figure and his best friend. She was the only person he felt that he could really trust. Jesper reflected on this many times over the years:

> "This experience probably played a very important role in the development of Iannis's personality. In the back of his mind, Iannis was probably always thinking, 'My father left me and my mother, so maybe I'm not good enough. Maybe I'm inferior. If my own father left me, who can I trust?'"

Iannis was very proud of the fact he came from a poor background and nonetheless made it big. It was in large part the influence of his mother that sparked his interest in academics and his ultimate drive toward success. Iannis wasn't a serious student until his late teens. In fact, he failed his high school examinations twice. After the second failure, his mother tried a three-month "silent treatment" in an effort to reform him. It worked: he became more serious about and interested in his studies, and he decided to go to university. Despite his rocky academic record, he was accepted into Copenhagen University, and he took a job washing dishes in the cafeteria to help finance his studies. He always looked back fondly on his university experience, believing that it had taught him "the true meaning of work." It was difficult to juggle a full-time job with full-time studies. Iannis was often so tired that he fell asleep during class. Although he enjoyed his academic experience as a student of economics, he never really fit in with the other students. He hated what he saw as their "elitist attitude." He even refused to join the social club that was so popular with the other students, feeling it was too snobby.

After Copenhagen University, Iannis did an MBA at IESSE in Barcelona, one of the better business schools in Europe. Upon graduation, he took a job as a sales and marketing analyst with L'Oreal, a multinational cosmetics company. He soon grew tired of his "routine" job, however, and decided it was time for a more exciting experience. He got a transfer with L'Oreal to Mexico, in hopes of "experiencing a new culture." Unfortunately, Mexico didn't offer Iannis the challenge he was looking for, and he soon realized that he was bored with the "monotony" of selling cosmetics. It wasn't until a chance meeting and discussion with his college friend Ole Christiansen that Iannis realized he had a passion for the service industry.

Ole had also been disappointed by his first business experience. As the two men talked, they discovered that what they both liked best about the business world was dealing with customers. That initial conversation turned into many, and soon Ole and Iannis decided to start a consulting firm that would have the customer at its center. They would focus on companies that were converting from product- to customer-focused systems. Working well together, they soon became the experts in this business niche in Denmark. By 1994, the firm had grown to 15 consultants. To diversify their client portfolio, Ole and Iannis began to focus their efforts on the financial services sector. They couldn't agree on a growth strategy for the firm, however, and their differing philosophies soon became too pronounced for the partnership to continue. In 1995 Iannis negotiated a personal loan and bought out Ole's share in the firm.

Iannis was full of energy and excited at the prospect of putting in place new systems, new people, and new combinations [new combinations of what?]. He wanted to create the most pleasant firm to work for and work with, and bring out the best in people so as to achieve the best results. NAC would be based on the principle of "authenticity," a quality that would be integrated in relationships with both employees and customers.

It seemed to Jesper that Iannis was at his best when he was starting over:

> "Because he thrives on new starts, he sets up patterns of renewal over and over again, creating a lot of casualties. In situations that bring out the feeling of being left on his own, Iannis is at his best. Instead of feeling down and depressed, such situations give him enormous energy and drive: he wants to show the world that he's a leader and that he again will survive."

"I'm Authentic"

Jesper saw Iannis as being childlike in many ways. When Jesper first met him, Iannis frequently said that he was just a simple, shy guy who didn't want to be in the spotlight. But when he got to know him better, he realized that Iannis had an enormous need to be admired and applauded. He always seemed to be looking for compliments and frequently literally asked for them, often in very childish ways. He also had an immense need to be loved. He never wanted to be the "bad guy," preferring to put other people into that role so that he could play the "good guy":

> "I'll never forget the time Iannis wanted to fire Jens, a senior, 40-year-old consultant who had worked for NAC for about six years but who hadn't done well at all in the last three or four years. 'We have to get him out of here; he doesn't fit into the culture of NAC, and he's a bad role model for the young people,' Iannis told the partners. We responded by telling Iannis that since he was the one who had hired Jens, he was the one who was going to have to fire him. It took Iannis weeks to make an appointment with Jens. He always found excuses to postpone their meeting. When they finally met, nothing happened. Jens later told me that Iannis had talked to him about changing his attitude, but said that there was no serious problem. Iannis didn't end up firing Jens. On the contrary, he actually gave him a raise!"

Another quality that Jesper had noticed in Iannis was a compulsive need to say and prove to everyone that he was an honest, open, and trustworthy businessman. In every speech, in every conversation about life or clients, Iannis would go on and on about openness, trust, and honesty. He would often accuse other leaders of not being honest or trusting. "You know, I believe in the goodness of people," Iannis would say. "Sometimes that's very naïve, but I know one thing: I can look everyone right in the eye, because I'm always honest and open. I have no hidden agenda. I'm authentic."

Iannis's appearance was very different from that of other consultants. You couldn't miss Iannis in the world of serious consultants. He never wore suits or ties. He was a true sweater man. He always dressed casually, even when meeting with prospective "big" clients or speaking at a conference. He really cultivated that relaxed look. He always said, "I don't have to look important because I'm not. I'm just a simple guy who likes his job."

Jesper always believed that one of Iannis's major strengths was his ability to surround himself with people who complemented him. Jesper thought this was the reason he and Iannis worked so well together. They needed only a few words to understand each other.

> "My relationship with Iannis can best be described as a brother-brother relationship. We shared the same interests in football and leadership, and I was the only one who could work with him on projects for more than one year. I worked for him for more than seven years! Iannis told me everything: his weaknesses, his fears—everything."

Both men were driven to be the best. Both were team players and fanatical football fans. Neither would take no for an answer, and both believed that for every problem, there was a solution. Whenever Iannis was about to make an impulsive decision, Jesper would slow him down and make him consider possible consequences. Jesper saw his role as guarding strategy and maintaining alignment. Thus whenever Iannis had difficulty seeing limits or boundaries, Jesper would work to keep him grounded. On those occasions when Iannis got very frustrated because a client exercised independence and went against Iannis's advice, Jesper reined his boss in:

> "After a heated discussion with the CEO of a company that NAC had worked with for many years, Iannis told me, 'The CEO apparently doesn't need me anymore. I don't need him either. Let's fire the bastard.' I reminded Iannis that it was our responsibility to the employees of that company to finish the job in order to create the 'brighter service future' Iannis always talked about, and to create fun, love, and meaning for them. After he'd cooled off a little, he agreed."

Jesper acknowledged that he had learned a great deal from Iannis. Iannis had taught him to be proud of himself, to spot and pursue opportunities, to tolerate not knowing, to take control of things, and to learn how to handle insecurity in order to create personal growth. "If you don't take risks, you can't ever win," Iannis liked to say. Most important, Iannis taught Jesper to be optimistic. "Optimism is almost a self-fulfilling prophecy, and it's a large part of every success," Iannis said.

Jesper knew that Iannis held him in high regard. Iannis once told Jesper that he was like the brother he'd never had. "You can be very successful if you stick with me, Jesper," he said one day. Alone you can't be half as successful as you are right now."

> "If I'm honest with myself, I think that my relatively low independence kept me hooked up with Iannis," Jesper said. "He misused his knowledge about me—the knowledge that I felt insecure about standing on my own two feet—to hold a certain power over me. I couldn't see that in the early years, though; I was willing to take, without question, the pressure of working very hard for him. In the early days, the negative aspects of Iannis's leadership style weren't so pronounced. The

> longer I worked with him, the more obvious they became. Was it because I became more mature and less naïve or because of a change in Iannis's own character as a result of his changing role in the fast-growing firm? It was probably a combination of the two."

When the Cat's away, the Mice will Play

Jesper thought back on Iannis's five-month trip to California. Before going away, Iannis had promised the partners that when he returned, his role would be different—more "backseat" than it had been. He had hired a senior executive, Peter, from a bank in Copenhagen, to serve as managing director. The partners took this act as an indirect admission from Iannis that he wasn't a good manager. He supplemented that move with an assurance that he would no longer be involved in the day-to-day operations of NAC, that his role would be that of inspirational leader only. Iannis also promised the partners more shares in the company, so that he wouldn't be the majority shareholder anymore. That meant giving up something rather significant: by this time, NAC had grown to more than 120 consultants and had more than 11 million euros in annual revenue; in addition to its headquarters in Copenhagen, it had satellite offices in London and Amsterdam; and its client base had expanded to include companies in telecommunications, consumer products, and financial services.

Because of the dominant role Iannis had always played on the Management Team, everyone thought that within two months of his departure to California, the Management Team would call him and beg him to come back. In fact, the opposite happened. In Iannis's absence, the Management Team became an effective group, developing clear roles and clear procedures. Their evolution was due, in large part, to Peter's involvement: for the first time, NAC was being managed properly. The systems that had been in place for some time but had never been put to consistent use were now adhered to. Furthermore, Peter created a clear structure. As a result of these changes, people were very happy with Peter as managing director. The employees finally saw a Management Team that took clear decisions based on clear procedures instead of emotions, and the team itself felt empowered: [quote attribution?]

> "The Management Team had finally become a real team, and it showed! That year NAC made the biggest profit ever in its history. We began to think that Iannis had made his move to California in order to test us and to ultimately clear the way for his departure from NAC. After all, he always said that his dream was to become replaceable and to no longer be essential to NAC. We were proud that Iannis had taken the decision to go to California. We were also proud that we had managed the firm so well in his absence!"

The Head of Disturbance

When Iannis returned from his trip after five months, he was very pleased to see that profits were so high. However, he emphasized that the firm had been able to see such improvement only because he had made several important deals before leaving on his trip. This undermined employee confidence, though Iannis's assertion was only skeletally true.

Iannis seemed surprised to discover that the firm had had not only financial but also managerial success in his absence. There was evidence of good, solid management in high employee and client retention and satisfaction. Jesper thought that Iannis himself had probably also expected a telephone call from the Management Team when he was in California, begging him to come back. But that phone call had never come; and in fact people seemed almost sad that he'd come back. They were happy that Iannis the individual and leader had come back, of course: no one could replace that presence. But no one wanted his poor management again. They all secretly called Iannis "the head of disturbance."

More and more, following his return from California, Iannis began to move away from the team of partners and to pursue his own interests. He began investing a great deal of NAC's profits in Internet companies and became less and less focused on NAC's core business. He was desperately looking for that big hit. Although his Internet companies were losing money, Iannis stayed unrelentingly optimistic. Whenever any of the partners questioned these investments—as they did repeatedly—Iannis would reply, "Everything is going very well. You have to have vision, and you have to take risks." He wouldn't listen to the advice of the partners, because he saw them as unsupportive and felt that they had betrayed him. He brought in external consultants at a high cost to help him formulate a strategy for his ventures. There was little that the partners could do: despite his promise to redistribute shares, Iannis was still the majority shareholder. [quote attribution?]

> "In Iannis's mind, his family was revolting against him. He accused the partners of being too focused on the business and money. He became more and more distant and formal with us. During that period, he 'bought himself a new family' by bringing in new people, giving them enormous salaries and free shares in one of his many new ventures."

Iannis also began to make management changes. He seemed bothered that Peter had done so well as managing director and sought to undermine him in little ways. More and more Iannis would confront Peter and openly blame him for a dip in profits or a lost client or an employee flare-up. "The company lacks inspirational leadership," Iannis would say. "NAC is becoming just another average consulting firm." Peter's morale was broken by Iannis's relentless strategy. He became ill from the stress and resigned from the firm a few months later. According to Jesper,

> "Iannis 'murdered' Peter. He 'killed' his 'grown son' in order that he would have to reinvent the company. That sort of thing is what really makes him tick—the excitement of fighting to survive, reliving the difficult situation in his youth when his father left him. Iannis enjoys himself the most and does the best work when he's in trouble and has to fight. I think that Iannis often deliberately endangers the company, just to have the thrill of surviving."

With Peter gone, Iannis was back in charge again. "I can manage this company in just two days a week!" he told everyone, "Peter did it in five days." It wasn't long before the change in management was obvious: within a few weeks, most of the infrastructure that Peter had built up, including coaching, mentoring, and good management information for the consultants, was gone.

"Go to your Rooms and Count your Money"

Before Iannis went to California, he had agreed with the three shareholders who would run the business of the firm in his absence that they would receive as a bonus a percentage of the profits the firm made. (There were six shareholders in NAC at that time, but only three of them, including Jesper, were involved in managing the firm. Two of the other three were staff; the remaining one had stepped back out of the business.) Since NAC made its biggest profit ever that year—the year of Iannis's sabbatical—the three managing shareholders earned a sizeable bonus. Iannis decided to present the bonus to the three shareholders during a celebration held at a hotel in honour of NAC's successful year. All of the shareholders and their spouses were there.

Instead of handing over the bonus to the three managing shareholders to divide amongst themselves as they wished (as per their agreement), Iannis divided the bonus by three and handed it over to them individually. He also gave the same amount of money to the other three non-managing shareholders, not because of their output or contribution to the profit but because he wanted to thank them for their past years of service. Before handing over the bonuses, Iannis made a speech and said that the bonuses were a generous present from him to the shareholders. He joked about expecting a big thank-you from them. He had with him six bags filled with euros. Giving one to each shareholder with a handshake, he told the partners to go to their hotel rooms and count the coins. Every euro represented one hundred euros of bonus.

Jesper was furious:

> "I went to my hotel room that evening, but I refused to count the euros in the bag. I was furious, and at the same time I felt terribly belittled. I couldn't believe that Iannis had presented the bonus as a gift when we'd earned it with our hard work and in accordance with the agreement we'd made with him before he went to California. We had worked so hard for that bonus. It wasn't a *gift;* we *earned* it!"

After that evening, Iannis repeatedly commented that he had been very hurt by the fact that the three managing shareholders hadn't thanked him when he gave them their bonus. He couldn't understand their resentment at his calling it a gift or his giving the non-managing shareholders an equal amount of money though their contribution had been far less.

Entering a Black Hole

The big hit that Iannis was looking for with his Internet ventures never came, and within 6 months, he had spent more than 3 million euros. The year after NAC had seen its biggest profits, it suddenly faced large losses and severe cash flow problems. "There you are," Iannis told the Management Team. "Just before I left, I made several large deals that allowed certain BUs to make big profits, but in the months that I was away there were no acquisitions. That's the reason NAC is in trouble now. Fortunately, I'm back, and I'll make this business healthy again. I'm the only one who can run this business effectively."

> "What intrigues me the most," Jesper said, "is that Iannis really believes in his own invented reality. When he lies, he tells himself that it's the truth, and after a while that story *is* the truth for him. He's absolutely not aware of the fact that he doesn't trust anybody, that he's a narcissistic leader. On the contrary, he tells me time after time that he's very open and honest to everybody, that he never lies and that he trusts everybody."

Soon after announcing his return to the helm, Iannis decided once again to restructure the company. Despite the wishes of the BU leaders and most of the employees, Iannis concluded that the BU structure had to change. The units weren't working together cooperatively or effectively, he said. Jesper had another take on the situation:

> "The real reason was that Iannis wanted to regain power. He accused the BU leaders of being the brakes on the growth of the young people and becoming 'bosses' with little kingdoms. What was really happening was that he couldn't handle the fact that a lot of young people were upstaging him in certain aspects of the business. By killing the BUs, Iannis regained and centralized power."

Two of the original six shareholders had left NAC by this point to pursue other work. The remaining shareholders had tough discussions with Iannis about the BU structure and about the transfer of shares that Iannis had for so long promised them. Meanwhile, with so much energy and so many resources focused on internal affairs and new ventures rather than on clients, NAC's profits plummeted further.

A Rescue Plan

The situation soon became desperate. By the beginning of 2001, NAC was almost bankrupt. The partners met without Iannis and put together a Rescue Plan that set out clear roles, procedures, and structures for the firm and that changed the way the shares were divided. In an attempt to restore some checks and balances to the company, the plan suggested that Iannis should get a maximum of 50% of the shares. Iannis's first reaction to the plan was positive, but he ultimately wouldn't agree to it. Iannis wanted at least 51% of the shares and accused the partners of being domineering and of betraying the NAC philosophy. "It's not that I don't trust you all," he said. "It's just that I need the majority holding so that I can feel free to act decisively in the company's interest. I don't want us to have a fight over every little management issue."

Three weeks after the partners first presented their Rescue Plan to Iannis, he called a meeting of the partners and the second tier of managers. He took that opportunity to discuss his views of the financial situation of the firm. He pointed a stern finger at the partners and essentially blamed them for all of NAC's troubles. He also presented the new strategy for NAC, a strategy that he had formulated without the involvement or knowledge of the partners. It proposed an "Olympic" period (i.e., four years) during which he alone would lead the firm. Iannis effectively centralized power, put an end to the Business Unit structure (in accordance with his earlier-announced intention), and dismantled the Management Team. He replaced the old governance structure with three separate teams and put himself on all three—the only person in the firm to serve triply. Iannis also announced that he was going to buy back from the shareholders the shares he had already issued. (He was able to do this because the original shareholder agreement had expired after four years, after which time Iannis had the right to buy back all the shares.) Iannis assured everyone that he would give stock options instead—but that he would decide on the quantity. No doubt about it: Iannis was back in charge.

> "We as shareholders were absolutely shocked. Everything Iannis had always talked about and promised went up in smoke before our very eyes in a second. To maintain some sort of dignity, we remained quiet in front of the others. We didn't want to fight in their presence. Our nonverbal communication was nevertheless very clear."

As the partners left the meeting, they agreed to meet privately amongst themselves that afternoon.

Needing to be alone to think about all that had transpired, Jesper went to one of the meditation rooms. He knew that at the partners' private meeting later that day, the idea of resigning from NAC would be brought up. He needed some time to think about this on his own. NAC had been a huge part of his life, and he felt indebted to Iannis for all that he'd learned from him. Should he now leave Iannis and NAC? Could he?

Epilogue

Shortly after the partners' strategy meeting, Jesper and two of his colleagues—that is, three of the four remaining partners at NAC—resigned from the firm. Lars, in Jesper's opinion the weakest and the most dependent of the original six shareholders, stayed and ultimately became Iannis's new right-hand man.

Everyone was shocked when the three partners resigned. In fact, there was a bit of a panic within NAC at the news. To calm employees and keep their spirits up, Iannis told them that the departure of the partners was actually a positive event. It was the fulfilment, he said, of his vision of young people growing up and out and realizing their dreams. At a farewell reception for the resigning partners, Iannis told everyone that NAC would encourage all of its consultants to follow the same path as these partners so that there could be a network of NAC companies to carry the NAC philosophy all over the world. Iannis also predicted that the three partners would continue to work with NAC because they shared the company's philosophy. This in fact turned out to be the case for the first two months, not because of a shared philosophy but simply because the clients asked the three ex-partners to continue working on the projects they had started.

Though the transition went smoothly enough on the surface, trouble began after a couple of months, when NAC began to recover from the shock of the departure of the three partners. Iannis suddenly became very vindictive. He tried to get the three ex-partners out of the projects they were working on with NAC and refused to pay their bills. He also forbid NAC employees and even contractors from working with them. Jesper was very saddened by this:

> "A rather sad story after so many years of hard work and friendship. But looking back, it certainly wasn't the first time that Iannis had pushed his partners away. I can think of at least four partners that were pushed away by Iannis. Every time, Iannis would afterwards tell his employees that he had treated the particular partner honestly and fairly and that he or she had abandoned him."

Within a few months of the resignations, Iannis was mentoring a new crop of young go-getters:

> "Iannis appointed new 'potential leaders' around him: young, ambitious consultants who wanted to work very hard in order to become partners/shareholders of the firm in the future. It seems the past is repeating itself."

In January 2002, Jesper and his two partners celebrated the grand opening of their new consulting firm. This consulting organization grew within one year to seven consultants with a mandate to hire two or three junior consultants. By April 2003, they'd had several extremely good months, despite the economic recession.

NAC, on the other hand, had to close their satellite offices in London and Brussels. The organization offered their employees free time in exchange for 10% of their salary, in order to reduce their losses. They still have severe cash-flow problems.